Motherson Sumi Systems Limited

Regd. Office :
2nd Floor, F-7, Block B1, Mohan Cooperative Industrial Estate,
Mathura Road, New Delhi - 110044

COURT CONVENED MEETING OF THE SECURED CREDITORS

Date	15th October, 2011
Day	Saturday
Time	12:00 Noon
Venue	PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi – 110016

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IN THE HIGH COURT OF DELHI AT NEW DELHI
ORIGINAL COMPANY JURISDICTION

COMPANY APPLICATION (M) NO. 120 OF 2011

IN THE MATTER OF:

Section 391, 392, 394 and other applicable provisions of the Companies Act, 1956

AND

IN THE MATTER OF:

Scheme of Amalgamation of Sumi Motherson Innovative Engineering Limited into Motherson Sumi Systems Limited

AND

IN THE MATTER OF:

1. Sumi Motherson Innovative Engineering Limited
   2nd Floor, F-7, Block B1,
   Mohan Cooperative Industrial Estate,
   Mathura Road, New Delhi - 110044 .... Transferor/Applicant No. 1 Company

2. Motherson Sumi Systems Limited
   2nd Floor, F-7, Block B1,
   Mohan Cooperative Industrial Estate,
   Mathura Road, New Delhi - 110044 .... Transferee/Applicant No. 2 Company

NOTICE CONVENING MEETING OF THE SECURED CREDITORS OF MOTHERSON SUMI SYSTEMS LIMITED, THE TRANSFEREE COMPANY

To,

The Secured Creditors of Motherson Sumi Systems Limited, the Applicant No.2/Transferee Company.

TAKE NOTICE that by an Order made on the 24th day of August, 2011 the Hon'ble High Court of Delhi at New Delhi has directed to hold a meeting of the Secured Creditors of Motherson Sumi Systems Limited, the Applicant No.2/Transferee Company, for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Amalgamation of Sumi Motherson Innovative Engineering Limited (Transferor Company) with Motherson Sumi Systems Limited (Transferee Company).

TAKE FURTHER NOTICE that in pursuance of the said Order, the meeting of the Secured Creditors of the Applicant No.2/Transferee Company will be held on the 15th day of October, 2011 at 12:00 Noon at PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110016, 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 the proxy in the prescribed form duly signed by you or your authorized representative is deposited at the Registered Office at 2nd Floor, F-7, Block B1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi- 110044 of the Applicant No.2/Transferee Company not later than 48 hours before the meeting.

The Court has appointed Mr. Rajiv K. Nanda, Advocate and failing him Mr. Vineet Seth, Advocate, as Chairman of the said meeting. A copy each of the Scheme of Amalgamation, explanatory statement under Section 393 of the Companies Act, 1956, attendance slip and a form of proxy are enclosed.

Dated this 15th day of September, 2011.

Sd/-
Rajiv K. Nanda
Chairman appointed for the meeting

Place: New Delhi

Note:

1. All alterations made in the Form of Proxy should be initialed.

2. Corporate creditors intending to send their authorized representative to attend the meeting are requested to bring along with them, a certified true copy of the resolution of the Board of Directors or its committee thereof/ power of attorney, authorizing such person to attend and vote on its behalf at the meeting.

IN THE HIGH COURT OF DELHI AT NEW DELHI
ORIGINAL COMPANY JURISDICTION

COMPANY APPLICATION (M) NO. 120 OF 2011

IN THE MATTER OF:
Section 391, 392, 394 and other applicable provisions of the Companies Act, 1956
AND
IN THE MATTER OF:
Scheme of Amalgamation of Sumi Motherson Innovative Engineering Limited into Motherson Sumi Systems Limited
AND
IN THE MATTER OF:

1. Sumi Motherson Innovative Engineering Limited
   2nd Floor, F-7, Block B1,
   Mohan Cooperative Industrial Estate,
   Mathura Road, New Delhi - 110044 .... Transferor/Applicant No. 1 Company

2. Motherson Sumi Systems Limited
   2nd Floor, F-7, Block B1,
   Mohan Cooperative Industrial Estate,
   Mathura Road, New Delhi - 110044 .... Transferee/Applicant No. 2 Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to the Order dated 24th August, 2011 passed by the Hon'ble High Court of Delhi at New Delhi in the Company Application referred to hereinabove, meeting of the Secured Creditors of the Applicant No.2/Transferee Company is being convened on the 15th day of October 2011, at PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110016, at the time indicated in the accompanying notice for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Amalgamation of Sumi Motherson Innovative Engineering Limited into Motherson Sumi Systems Limited (hereinafter referred to as 'the Scheme'). A copy of the Scheme of Amalgamation is enclosed herewith.

2. A Certified Copy of the above Order dated 24th August, 2011 passed by the Hon'ble High Court of Delhi will be available for inspection at the Registered Office of the Company at 2nd Floor, F-7, Block B1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi- 110044 during 11:00 a.m. to 3:00 p.m. on any working day (i.e. Monday to Saturday).

3. In this statement, Sumi Motherson Innovative Engineering Limited is hereinafter referred to as SMIEL or Transferor Company and Motherson Sumi Systems Limited is hereinafter referred to as MSSL or the Transferee Company. The expression used in the Explanatory Statement and defined in the Scheme shall bear the same meaning as defined in the Scheme.

4. The Board of Directors of SMIEL and MSSL had approved the Scheme of Amalgamation at their respective meetings held on 25.5.2011 and recommended the same for the approval of the respective Equity Shareholders and the Creditors as the case may be.

5. a) SMIEL was incorporated on the 17th day of March, 1997 under the provisions of The Companies Act, 1956.

   b) The Registered Office of SMIEL is situated at 2nd Floor, F-7, Block B1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi-110044.

   c) The Share Capital of SMIEL as per the latest audited balance sheet as on 31st March, 2011 is as under:

Share Capital

Particulars	Amount(Rs.)
Authorized Capital	
40,000,000 Equity Shares of Re. 10 each	400,000,000
25,000,000, 8% convertible cumulative preference shares of Re. 10 each	250,000,000
Total :	**650,000,000**
Issued, Subscribed and Paid-up Capital	
25,196,048 Equity Shares of Re. 10 each fully paid-up	251,960,480
10,000,000, 8% convertible cumulative redeemable preference shares of Re. 10 each	100,000,000
Total :	**351,960,480**

   d) The main objects for which SMIEL has been set up are set out in its Memorandum of Association. The Company is presently, inter alia, engaged in carrying out the business of manufacturers, designers, assemblers, processors, importers, exporters, buyers, sellers, contractors and dealers in India or elsewhere of various engineering, industrial and electronic components, assemblies, machine tools, dies, gauges, moulds, jigs, fixtures, accessories of machines and machine tools, mechanical parts and other allied products used in automotive and electronics industry.

6. a) MSSL was incorporated on the 19th day of December, 1986 under the provisions of the Companies Act, 1956.

b) The Registered Office of MSSL is situated at 2nd Floor, F-7, Block B1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi-110044.

c) The Share Capital of MSSL as per the latest audited balance sheet as on 31st March, 2011 is as under:

Share Capital

Particulars	Amount(Rs.)
Authorized Capital	
1,923,000,000 Equity Shares of Re. 1 each	1, 923,000,000
Total :	**1,923,000,000**
Issued Capital	
387,547,000 Equity shares of Re. 1 each	387,547,000
Total :	**387,547,000**
Subscribed and Paid-up Capital	
387,543,800 Equity shares of Re. 1 each	387,543,800
Total :	**387,543,800**

d) The main objects for which MSSL has been set up are set out in its Memorandum of Association. The Transferee Company is presently, inter alia, engaged in the business of manufacturers, designers, assemblers, processors, importers, exporters, buyers, sellers, contractors and dealers in India or elsewhere of various engineering, industrial and electronic components, assemblies, machine tools, dies, gauges, moulds, jigs, fixtures, accessories of Machines and machine tools, mechanical parts and other allied products used in automotive and electronics industry.

7. The lists of present Directors of SMIEL and MSSL along with the shares of such Directors in the said Companies are enclosed as **Annexure A**.

8. The principal factors for which the Scheme has been proposed and recommended by the Boards of Directors of SMIEL and MSSL are as under:

(a) The amalgamation of SMIEL in to MSSL will give the consolidated company better finances, facilitate adequate resource mobilisation to sustain growth;

(b) Strengthening and consolidating the position of MSSL and enabling it post merger to participate more vigorously and profitably in an increasingly competitive and liberalized market;

(c) Enabling better leverage of facilities, infrastructure and human resources and for better administration;

(d) Augmenting and strengthening core businesses of MSSL resulting in enhancement of the shareholders' value of MSSL;

(e) Enabling the amalgamated entity to raise funds from the financial institutions on better terms. The synergy of the amalgamation will improve operational efficiency, integrated management functioning and will enhance the share value for the benefit of shareholders of the existing entities;

(f) The amalgamation will result in reduction of overheads, administrative, managerial and other expenditure, and bring about operational rationalization, organizational efficiency, and optimal utilization of various resources;

(g) The amalgamation will result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out each by the companies and also avoid duplication of administrative functions and eliminate multiple record-keeping;

(h) The said scheme of arrangement is beneficial to the Applicant Companies, their shareholders, creditors, employees and all concerned and will enable these companies to achieve and fulfill their objectives more efficiently and economically; and

(i) The value of the shares of the combined entity shall enhance the shareholders value by becoming a part of a stronger operating entity, rationalization of inter-company transactions etc.

In these circumstances, the Board of Directors of SMIEL and MSSL consider the amalgamation of SMIEL and MSSL to be beneficial to the interest of all concerned in the manner and on the terms and conditions stated in the said Scheme.

9. The salient features of the Scheme are:

Appointed Date : 1st April, 2011

a) In accordance with the Scheme proposed, the undertaking of the Transferor Company with effect from the appointed date and without further act, deed or thing is proposed to be merged with and vest in the Transferee Company pursuant to Sections 391, 392, 393 read with Section 394 of the Act. All the assets, liabilities, proceedings, interests of the Transferor Company subject to all charges, if any, existing on such assets or any part thereof on the appointed date shall be deemed to vest in the Transferee Company.

b) With effect from the Appointed Date and upon the Scheme becoming effective, any licenses, permissions, approvals, registrations, trademarks, brands, consents and other similar authorizations held by SMIEL shall stand vested in or transferred to MSSL without any further act, deed, matter or thing and to be appropriately mutated/registered in favour of MSSL. The benefit of all statutory and regulatory licenses, permissions, approvals, registrations or consents of SMIEL shall vest in and become available to MSSL pursuant to this Scheme.

10. The Transferor Company, SMIEL does not have any secured or unsecured creditors. The High Court of Delhi by Order dated 24.8.2011 has accordingly dispensed with the convening and holding of the meeting of the creditors of the Transferor Company to consider and approve the proposed Scheme of Amalgamation.

11. None of the Directors of SMIEL and MSSL and also their relatives have any material interest in the proposed scheme except commonality of some Directors as indicated in Annexure A and to the extent of their shareholding in the company.

12. The pre amalgamation and post amalgamation (expected) shareholding pattern and capital structure of MSSL will be as follows:

The pre and post amalgamation capital structure of MSSL is and will as follows :

Particulars	Pre Amalgamation (In Rs.)	Post Amalgamation (In Rs.)
Authorised Share Capital		
Equity Shares	1,923,000,000	* 2,873,000,000
Preference shares	Nil	250,000,000
Total :	**1,923,000,000**	**3,123,000,000**
Issued Share Capital		
Equity Shares	387,547,000	391,967,360
8% convertible cumulative redeemable Preference shares	Nil	100,000,000
Total :	**387,547,000**	**491,967,360**
Subscribed and Paid-up Share Capital		
Equity Shares	387,543,800	391,964,160
8% convertible cumulative redeemable Preference shares	Nil	100,000,000
Total :	**387,543,800**	**491,964,160**

* Post amalgamation Authorized capital also include the Authorized capital of MSSL Global Wiring Ltd. and India Nails Manufacturing Ltd. both wholly owned subsidiaries of MSSL are being proposed to be amalgamated and merged with MSSL.

The pre and post amalgamation shareholding pattern of MSSL as on 05.09.2011 is and will as follows :

Category	Pre Amalgamation		Post Amalgamation	
	No. of Shares	%age	No. of Shares	%age
Promoters	252683719	65.20	257082698	65.59
Mutual Funds, Financial Institutions & Banks	36087121	9.31	36087121	9.21
Foreign Institutional Investors	42127641	10.87	42127641	10.75
Bodies Corporate	29798074	7.69	29798074	7.60
General Public (Individuals)	25731194	6.64	25752575	6.57
NRIs/ Trusts	321799	0.08	321799	0.08
Clearing Members *	794252	0.21	794252	0.20
Total :	**387543800**	**100.00**	**391964160**	**100.00**

* These shares lying in the pool account of NSDL/CDSL.

13. The company has obtained the Fairness Opinion from M/s Enam Securities Private Limited, Merchant Banker, who has opined that the valuation report and the share exchange ratio as envisaged in the Scheme is fair to the equity shareholders.

14. In consideration for the amalgamation of the Transferor Company into the Transferee Company under the Scheme of Amalgamation, the equity shareholders of the Transferor Company shall, for every 57 equity shares of Re. 10/- each fully paid up held in the said company as on the Record Date, be issued 10 equity shares of face value Re. 1/- each of the Transferee Company, credited as fully paid-up in the Applicant No.1/Transferor Company. The share exchange ratio stated herein has been determined by the Boards of Directors of the Applicant Companies based on the Valuation Report dated 25.5.2011 provided by M/s Deloitte Touche Tohmatsu India Pvt. Limited.

15. The 'No Objection Certificate' of the National Stock Exchange ('NSE'), Bombay Stock Exchange ('BSE'), Delhi Stock Exchange ('DSE') and the Ahmedabad Stock Exchange ('ASE'), wherein the equity shares of MSSL are listed have been secured.

16. No Petition under Section 397 or 398 of the Companies Act, 1956 is pending against MSSL and SMIEL.

17. No investigation or proceedings have been instituted or are pending under Sections 235 to 251 of the Companies Act, 1956.

18. MSSL has also proposed for another independent Scheme of Arrangement and Amalgamation whereby, M/s MSSL Global Wiring Limited, a company incorporated under the provisions of the Companies Act, 1956 having its registered office at 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi - 110044 and also M/s India Nails Manufacturing Limited, a company incorporated under the provisions of the Companies Act, 1956 having its registered office at 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi - 110044, both wholly owned subsidiaries of MSSL are being proposed to be amalgamated and merged with MSSL on

the terms and conditions contained in the said Scheme. Since the amalgamation is of wholly owned subsidiaries, there will be no change in the shareholding of MSSL. It will be the consolidation of the assets and liabilities of the wholly owned subsidiary in the holding company, without any adverse implication to the shareholders of the Transferor Company getting shares in the Transferee Company. A copy of the above Scheme is enclosed herewith.

19. The following documents are available for inspection at the registered office of the Transferor Company and Transferee Company on any working day (i.e. Monday to Saturday) prior to the date of meeting between 11:00 A.M. to 3:00 P.M.

a) Certified Copy of the Order dated 24th August, 2011 passed by the High Court of Delhi at New Delhi in Company Application (M) No. 120 of 2011.

b) No Objection letters from Stock Exchanges (NSE, BSE, DSE and ASE).

c) Memorandum and Articles of Association of MSSL and SMIEL.

d) Register of Members, Director and Directors' Shareholding of MSSL.

e) Published audited copy of the Annual Report of MSSL and audited copy of the Annual Report of SMIEL for the year ended 31st March 2011.

f) Valuation Report dated 25.5.2011 provided by M/s Deloitte Touche Tohmatsu India Pvt. Limited.

g) Fairness Opinion from the Merchant Banker.

h) Explanatory Statement under section 393 of the Companies Act, 1956.

i) Scheme of Amalgamation.

20. Creditors are requested to read the entire text of the Scheme of Amalgamation to get better acquainted with the provisions thereof.

Dated this 15th day of September, 2011

Sd/-
Rajiv K. Nanda
Chairman appointed for the meeting

Registered Office:
Motherson Sumi Systems Limited
2nd Floor, F-7, Block B1,
Mohan Cooperative Industrial Estate,
Mathura Road, New Delhi - 110044.

Annexure-A

List of directors of SMIEL and their shareholding in the company as on 5th September, 2011:

Sl. No.	Name	Designation	No. of Shares
1.	Mr. Ashok Tandon	Director	Nil
2.	Maj Gen. Amarjit Singh (Retd.)	Director	Nil
3.	Mr. Bimal Dhar	Director	100
4.	Mr. Toshimi Shirakawa	Director	Nil
5.	Mr. Yosuke Goda	Whole-time Director	Nil
6.	Mr. Hideaki Ueshima	Director	Nil
7.	Mr. Hiroshi Yasuno	Director	Nil

List of directors of MSSL and their shareholding in the company as on 5th September, 2011:

Sl. No.	Name	Designation	No. of Shares
1.	Mr. Mohinder Singh Gujral	Chairman	303,750
2.	Mr. Vivek Chaand Sehgal	Vice Chairman	12,757,156
3.	Mr. Toshimi Shirakawa	Director	Nil
4.	Maj Gen. Amarjit Singh (Retd.)	Director	Nil
5.	Mr. Hiroto Murai	Director	Nil
6.	Mr. Arjun Puri	Director	Nil
7.	Mr. Hideaki Ueshima	Director	Nil
8.	Mr. Laksh Vaaman Sehgal	Director	Nil
9.	Mr. Pankaj Mital	Whole-time Director	11,812
10.	Mr. Futoshi Urai	Alternate Director to Mr. Hiroto Murai	Nil

SCHEME OF ARRANGEMENT AND AMALGAMATION
BETWEEN
MOTHERSON SUMI SYSTEMS LIMITED ("MSSL")
AND
SUMI MOTHERSON INNOVATIVE ENGINEERING LIMITED ("SMIEL")
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
[UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956]

PRELIMINARY

1. MOTHERSON SUMI SYSTEMS LIMITED (hereinafter referred to as 'MSSL') is a company incorporated under the Companies Act, 1956 having its registered office at 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi - 110044. The equity shares of MSSL are listed on Bombay Stock Exchange ('BSE'), National Stock Exchange ('NSE'), Delhi Stock Exchange ('DSE') and Ahmedabad Stock Exchange ('ASE').

2. MSSL is engaged in the businesses of automobile sector comprising of wiring harnesses, PVC insulated wire, molded plastic parts including car interior and exterior parts, complete modules including bumpers, dashboards and door trims, rubber components for automotive and industrial applications, high-precision machined metal parts etc. MSSL is continuously strengthening its position as a globally preferred solutions provider by offering end-to-end solutions, encompassing designing from basic data to prototyping, tooling, moulding, assembly and integrated modules.

3. SUMI MOTHERSON INNOVATIVE ENGINEERING LIMITED (hereinafter referred to as 'SMIEL') is a company incorporated under the Companies Act, 1956 having its registered office at 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi - 110044. SMIEL is an unlisted company.

4. SMIEL is primarily engaged in the business of manufacturing moulds, dies and components including plastic injection moulded, dip moulded and press stamping components mainly for the automobile sector.

5. This Scheme of Arrangement and Amalgamation is under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 for amalgamation of SMIEL with MSSL.

6. This Scheme of Amalgamation is being proposed consistent with the provisions of Section 2(1B) of the Income-tax Act, 1961 whereby:

   a) All the property of the amalgamating company immediately before the amalgamation becomes the property of the amalgamated company by virtue of the amalgamation.

   b) All the liabilities of the amalgamating company immediately before the amalgamation become the liabilities of the amalgamated company by virtue of the amalgamation.

   c) Shareholders holding not less than 3/4th in value of the shares in the amalgamating company (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the amalgamated company) become shareholders of the amalgamated company by virtue of the amalgamation.

   The provisions of the scheme are to be read so far as circumstances permit to be consistent with the requirements of section 2(1B) of the Income tax Act, 1961.

7. MSSL and SMIEL belong to the same group. There are synergies in the business operations of both MSSL and SMIEL. In order to provide better operational and financial efficiency in the businesses of MSSL and SMIEL, it is intended to merge SMIEL into MSSL. The Scheme of Arrangement would benefit the respective businesses on account of the following reasons:

   a) Amalgamating SMIEL and MSSL will give the consolidated company better finances, facilitate adequate resource mobilisation to sustain growth;

   b) Strengthening and consolidating the position of MSSL and enabling it post merger to participate more vigorously and profitably in an increasingly competitive and liberalized market;

   c) Enabling better leverage of facilities, infrastructure and human resources and for better administration;

   d) Augmenting and strengthening core businesses of MSSL resulting in enhancement of the shareholders' value of MSSL;

   e) Enabling the amalgamated entity to raise funds from the financial institutions on better terms. The synergy of the amalgamation will improve operational efficiency, integrated management functioning and will enhance the share value for the benefit of shareholders of the existing entities;

   f) The merger of SMIEL into MSSL will result in reduction of overheads, administrative, managerial and other expenditure, and bring about operational rationalization, organizational efficiency, and optimal utilization of various resources;

g) The merger will result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out each by MSSL and SMIEL and also avoid duplication of administrative functions and eliminate multiple record-keeping;

h) The said scheme of arrangement is beneficial to the companies, their shareholders, creditors, employees and all concerned and will enable these companies to achieve and fulfill their objectives more efficiently and economically;

i) The value of the shares of the combined entity shall enhance the shareholders value by becoming a part of a stronger operating entity, rationalization of inter-company transactions etc; and

j) None of the directors of MSSL or SMIEL have any material interest in the scheme except as shareholders in general.

Simultaneously, under another independent Scheme of Arrangement and Amalgamation proposed, M/s MSSL Global Wiring Limited, a company incorporated under the provisions of the Companies Act, 1956 having its registered office at 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi - 110044 and also M/s India Nails Manufacturing Limited, a company incorporated under the provisions of the Companies Act, 1956 having its registered office at 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi - 110044, both wholly owned subsidiaries of MSSL are being proposed to be amalgamated and merged with MSSL on the terms and conditions contained in the said Scheme.

PART – I
DEFINITIONS AND SHARE CAPITAL

1. **DEFINITIONS**

In this Scheme (as defined hereinafter), unless repugnant to the meaning or context thereof, the following expressions shall have the meaning mentioned herein below:

1.1 **"Act" or "The Act"** means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force.

1.2 **"Appointed Date"** means 1st day of April, 2011 or such other date as may be approved by the High Court (as defined hereinafter) for the merger of SMIEL with MSSL under Part - II of this Scheme.

1.3 "**Assets**" in relation to the Transferor Company means and includes:

(i) all cash balances, balances with banks, inter corporate deposits, investments, advances, fixed assets and other assets including, all other properties, movable, immovable, tangible, intangible, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatever nature and wheresoever situated including installations, buildings, offices, plant and machinery, furniture and fittings, vehicles, office equipment, softwares, shares, stocks, securities, current assets, earnest monies and/or security deposits, spares, tools and instruments, book debts, outstandings and receivables, remittances in transit, post dated cheques, benefit of any security arrangements including assigned insurance policies, any other instrument, pre paid expenses, fringe benefit tax paid, tax credits, as applicable, income-tax paid including tax deducted at source, tax collected at source, advance tax and self assessment tax and balances with regulatory authorities belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or enjoyed by the Transferor Company as of the Appointed Date;

(ii) reversions, powers, authorities, allotments, approvals, consents, entitlements, industrial and other licenses, leases, registrations, agreements, contracts, engagements, arrangements of all kinds, rights, privileges, title, interests, no-objection certificates and certifications, benefits and advantages, of whatsoever nature and wheresoever situate, trade names and other intellectual property rights of any nature whatsoever, including those relating to trademarks, or service marks, permits, authorizations, right 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 all agreements and all other interests of whatsoever nature, whether in India or abroad, belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or enjoyed by the Transferor Company as of the Appointed Date; and

(iii) all necessary records, files, papers, engineering and process information, computer programmes, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer information and other records in connection with or relating to the Transferor Company business.

1.4 **"Effective Date"** means the date on which certified copy(s) of the Order of the High Court or any other appropriate authority under Sections 391 to 394 of the Act sanctioning this Scheme are filed with the Registrar of Companies, NCT of Delhi & Haryana.

1.5 **"High Court"** means the Hon'ble High Court of Delhi, provided however that in case the statutory jurisdiction in regard to sanctioning of the Scheme being vested in any other authority, the reference in this scheme to High court to be read as the authority vested with the jurisdiction to sanction the Scheme.

1.6 "**Liabilities**" means all debts, secured and unsecured loans, liabilities including contingent liabilities, share application monies received pending allotment, responsibilities, obligations, duties of the Transferor Company as of the Appointed Date;

1.7 **"MSSL"** or **"Transferee Company"** means Moherson Sumi Systems Limited, a company incorporated under the Act, having its registered office at 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi - 110044.

1.8 **"Record Date"** shall means the date to be fixed by the Board of the Transferee Company for reckoning the names of the equity shareholders of the Transferor Company who shall be entitled to equity shares of the Transferee Company on the coming into effect of this Scheme.

1.9 **"SMIEL"** or "**Transferor Company**" means Sumi Motherson Innovative Engineering Limited, a company incorporated under the Act, having its registered office at 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi – 110044;

1.10 **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme of Arrangement and Amalgamation, in its present form or with any modification(s) made under Clause 15 of this Scheme as approved or directed by the High Court or any other appropriate authority.

1.11 "**Undertaking**" of the Transferor Company means the business and functions along with:

(i) all properties & assets of the Transferor Company;
(ii) all liabilities of the Transferor Company; and
(iii) all employees of the Transferor Company, engaged at their respective offices and branches at their current terms and conditions.

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

2. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

The Scheme set out herein in its present form or with any modification(s) approved or directed by the High Court or any other appropriate authority shall be operative from the Appointed Date(s) but shall be effective from the Effective Date.

3. **SHARE CAPITAL**

3.1 The Share Capital of MSSL as on 01.04.2011 is as under:

	(Rs.)
Authorized Capital	
1,923,000,000 Equity Shares of Rs. 1/- each	1,923,000,000
Total :	**1,923,000,000**
Issued,	
387,547,000 Equity Shares of Rs. 1/- each	387,547,000
Total :	**387,547,000**
Subscribed and Paid-up	
387,543,800 Equity Shares of Rs. 1/- each	387,543,800
Total :	**387,543,800**

3.2 The Share Capital of SMIEL as on 01.04.2011 is as under:

	(Rs.)
Authorized Capital	
40,000,000 equity shares of Rs. 10/- each	400,000,000
25,000,000 8% convertible cumulative preference shares of Rs. 10/- each	250,000,000
Total :	**650,000,000**
Issued, subscribed and paid up capital	
25,196,048 equity shares of Rs. 10 each	251,960,480
10,000,000 8% convertible cumulative Redeemable preference shares of Rs. 10/- each	100,000,000
Total :	**351,960,480**

PART – II
MERGER OF SMIEL WITH MSSL

4. **TRANSFER AND VESTING OF UNDERTAKING**

4.1 With effect from the Appointed Date and upon the Scheme becoming effective, the entire business and undertakings of SMIEL, shall, under the provisions of Sections 391 and 394 and other applicable provisions, if any, of the Act, and pursuant to the orders of the Hon'ble High Court or other appropriate authority, if any, sanctioning the Scheme shall without any further act, deed, matter or thing, stand transferred to and vested in and/or deemed to be transferred to and vested in MSSL so as to become the properties and liabilities of MSSL consistent with Section 2(1B) of the Income Tax Act, 1961.

4.2 Without prejudice to the generality of the above said Clause:

a) With effect from the Appointed Date and upon the Scheme becoming effective, any licenses, permissions, approvals, registrations, trademarks, brands, consents and other similar authorisations held by SMIEL shall stand vested in or transferred to MSSL without any further act, deed, matter or thing and to be appropriately mutated/ registered in favour of MSSL. The benefit of all statutory and

regulatory licenses, permissions, approvals, registrations or consents of SMIEL shall vest in and become available to MSSL pursuant to this Scheme.

b) In respect of all the movable assets owned by SMIEL as on the effective date and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery or novation, including cash on hand, shall be so transferred to MSSL and deemed to have been physically handed over or by endorsement and delivery, as the case may be, to MSSL to the end and intent that the property and benefit therein passes to MSSL with effect from the Appointed date.

c) In respect of the movable assets owned by SMIEL as on the effective date, other than those mentioned in Clause (b) above, including actionable claims, sundry debtors, outstanding loans, advances, whether recoverable in cash or kind or for value to be received and deposits, if any with the local and other authorities, bodies corporate, customers and other persons, SMIEL shall, if so required by MSSL, issue notices in such form as MSSL may deem fit and proper stating that pursuant to the sanction to the Scheme, the relevant debt, loan, advance or other asset, be paid or made good or held on account of MSSL, as the person entitled thereto, to the end and intent that the rights of SMIEL to recover or realize the same stands transferred to MSSL and that appropriate entries should be passed in their respective books to record the aforesaid changes.

d) With effect from the Appointed date and upon the Scheme becoming effective, the immovable properties standing in the books of SMIEL, and any documents of title/rights and easements in relation thereto shall be vested in and transferred to and/or be deemed to have been vested in and transferred to MSSL and shall belong to MSSL. The mutation of the title to the immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of MSSL. Any inchoate title or possessory title of SMIEL shall be deemed to be the title of MSSL.

e) All taxes of any nature, duties, cess or any other like payment or deductions made by SMIEL to any statutory authorities including but not limited to Income Tax, Service Tax, VAT Tax, Excise Duty or any tax deduction/collection at source, relating to the period after the Appointed date up to the effective date shall be deemed to have been on account of or on behalf of or paid by MSSL and MSSL shall be entitled to the transfer to its credit.

f) All cheques and other negotiable instruments, payment orders received in the name of SMIEL after the Effective Date shall be accepted by the Bankers of MSSL and credited to the account of MSSL. Similarly, the Banker of MSSL shall honour cheques issued by SMIEL for payment after the Effective Date.

g) It is expressly clarified that upon the Scheme becoming effective all taxes payable by SMIEL from the Appointed date onwards shall be treated as the tax liability of MSSL; similarly all credits for tax deduction at source on income of SMIEL or obligation for deduction of tax at source on any payment made by or to be made by SMIEL shall be made or deemed to have been made and duly complied with as so made by MSSL. Similarly any advance tax payment required to be made for by specified due dates in the tax laws shall also be deemed to have been made correctly if so made by SMIEL.

h) With effect from the Appointed date, all debts, liabilities (including contingent liabilities), duties and obligations of every kind, nature and description of SMIEL shall be deemed to have been transferred to MSSL and to the extent they are outstanding on the Effective Date shall, without any further act, deed, matter or thing, be and stand transferred to MSSL and shall become the liabilities and obligations of MSSL which shall undertake to meet, discharge and satisfy the same and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities and obligations have arisen in order to give effect to the provisions of this Clause.

i) Where any of the debt, liabilities (including contingent liabilities), duties and obligations of SMIEL as on the Appointed date, deemed to be transferred to MSSL have been discharged by SMIEL after the Appointed date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of MSSL, and all loans raised and all liabilities and obligations incurred by SMIEL after the Appointed date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of MSSL and to the extent they are outstanding on the Effective Date, shall also without any further act, deed, matter or thing shall stand transferred to MSSL and shall become the liabilities and obligations of MSSL which shall undertake to meet, discharge and satisfy the same.

j) MSSL shall not be required to create any additional security over assets acquired by it under the scheme for any loans, deposits or facility availed or raised by it.

k) Any inter se contracts between SMIEL and MSSL shall stand adjusted and vest in MSSL upon sanction of the scheme and upon the scheme becoming effective.

4.3 Upon the Scheme becoming effective, SMIEL shall be dissolved without being wound up.

5. **DIVIDEND, BONUS SHARES**

SMIEL shall not without the prior consent of MSSL utilize the profits, if any, for the period from and after the Appointed date, for declaring or paying any dividends except dividend to its shareholders both preference shareholders and Equity Shareholders for any financial year or any period prior to the Effective Date including arrears of dividend on cumulative preference shares, or capitalizing profits by issue of bonus shares. Notwithstanding the above, SMIEL shall be entitled to declare dividend without the consent of MSSL for the financial year ended March 31, 2011 as already proposed by the Board of Directors of SMIEL.

6. **CONSIDERATION**

6.1 In consideration for the amalgamation of SMIEL into MSSL under the Scheme, the equity shareholders of SMIEL shall, for every 57 equity shares of Rs. 10/- each fully paid up held in SMIEL as on the Record Date, be issued 10 equity shares of face value Re. 1/- each of the MSSL, credited as fully paid-up in MSSL. As per the existing terms, the preference shares of SMIEL carrying coupon rate of 8% p.a. shall be redeemed at face value at any time on or before 31st March, 2012 at the option of the Company and this would form part of this Scheme of Merger.

6.2 The share exchange ratio stated hereinabove have been determined by the Boards of Directors of SMIEL and MSSL based on the Valuation Report dated 25.5.2011 provided by M/s Deloitte Touche Tohmatsu India Pvt. Limited. M/s Enam Securities Private Limited, being a Merchant Banker has also given a fairness opinion on the Valuation and share exchange ration mentioned above.

6.3 For the purpose of such allotment of equity shares in MSSL, In the event the Entitlement Ratio results in fractional entitlements, the Board of Directors of the MSSL shall consolidate all such fractional entitlements into whole shares and assign the same to nominee to be so appointed by the Board of MSSL on that behalf who would hold the same as trustee and then shall sell such equity shares at the prevalent market rate and net sale proceeds of such shares after adjusting the cost and expenses in respect thereof shall be remitted to the shareholder concerned in proportion to their respective fractional entitlements.

7. **ACCOUNTING TREATMENT**

7.1 Upon the Scheme becoming effective and with effect from the Appointed date, the merger of the SMIEL with MSSL shall be accounted as per "The Pooling of Interests Method" as prescribed in the Accounting Standard 14 contained in the Companies (Accounting Standards) Rules, 2006, notified under section 211(3C) of the Companies Act, 1956.

7.2 MSSL shall, record all the assets and liabilities, including reserves and profit and loss of SMIEL vested in it pursuant to this Scheme, at their respective book values as on the Appointed date.

7.3 MSSL shall credit in its books of account the aggregate face value of the new equity shares issued by it to the shareholders of SMIEL pursuant to the Scheme to equity share capital account.

7.4 The loans and advances inter-se between MSSL and SMIEL appearing in the books of accounts of either MSSL or SMIEL, if any, shall stand cancelled.

7.5 Consequent to clauses 7.1 to 7.4 above, the difference in the value of assets and liabilities of SMIEL transferred and vested in MSSL and face value of the new equity shares issued, would be credited to the Reserve or debited to Goodwill of MSSL, as the case may be.

7.6 In case of any difference in accounting policy between SMIEL and MSSL, a uniform set of accounting policy should be adopted and the impact of the changes should be reported in accordance with the Accounting Standard -5 –Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

8. **INCREASED IN THE AUTHORISED SHARE CAPITAL AND ADDITION TO THE MAIN OBJECTS OF MSSL**

8.1 Upon the coming into effect of this Scheme, the Authorized Share Capital of MSSL shall automatically stand increased without any further act, deed or thing on the part of MSSL to the aggregate of the authorized share capital of the MSSL and SMIEL and the statutory fee already discharged by the SMIEL with the concerned Registrar of Companies under the Companies Act, 1956 in connection with its authorised share capital amounting to Rs. 650,000,000/- constituting of 40,000,000 equity shares of Rs.10/- each and 25,000,000 preference shares of Rs. 10/- each, would be for all purposes deemed to have been discharged by MSSL. Consequently, Clause V of the Memorandum of Association and the relevant Article of Association of MSSL (relating to authorised share capital) shall, without any further act, instrument or deed, be and shall stand amended.

8.2 Upon the coming into effect of this Scheme, the main objects of SMIEL as being presently carried out shall be added to the main objects clause of MSSL without any further act, deed or thing on the part of MSSL. Consequently, the Main Objects clause of MSSL shall stand amended to read as under:

1. *To carry on the business of manufacturing, fabrication, assembling and dealing in Wiring Harness and other part of all kinds and description, automotive and other parts, mining equipment, tool, springs, fittings, head lamps, sealed beam component parts, spare parts, accessories and fittings of all kinds for the said articles of P.V.C., Polypropylene, P.F.Resin or other man made chemicals, electrical wires, switch controls and other engineering items for automobiles or any other application as required.*

2. *To design, prototype manufacture, process, prepare, press, vulcanize, repair, retread, export, import, purchase, sell and to carry on business of moulding of plastic and/or any other polymer parts and assembly thereof, diecasting of components and the assembly thereof of automobiles or any other any application as required, metal sheet pressing for making clips, moulds and other parts for automobiles or any other application as required, P.V.C. Polythene, P.F. Resin parts, moulding and dealing in the same for different types of vehicles or for any other application and repair materials and other articles and appliances made with or from natural or synthetic rubber, its compounds, substitutes, Indian rubber or the same in combination with any metallic or non-metallic substances, valcanised leather, rayon, Hessian or plastic or products in which rubber, rayon Hessain or other plastic is used.*

3. *To carry on the business of hirers, repairers, cleaners and stores of motor cars, motor cycles, mopeds, scooters, motor boats, motor launches, motor buses, motor lorries, aeroplanes, seaplanes, gliders, tractors and other conveyances of all descriptions whether propelled*

or assisted by means of petrol, spirit, diesel, steam, gas, electricity, animal, atomic or other power and of engine chassis, bodies and other things used for or in connection with the above mentioned business.

4. *To carry on the business of manufactures, designers, assemblers, processors, importers, exporters, buyers, sellers, contractors and dealers in India or elsewhere of various engineering, industrial and electronic components, assemblies, machine tools, dies, guages, moulds, jigs, fixtures, accessories of machines and machine tools, mechanical parts and other allied products used in automotive and electronics industry.*

5. *To carry on the business of manufactures, designers, processors importers, exporters, dealers and agents in India or elsewhere of various software applications for engineering, industrial and electronic components, tools, CNC machines, dies, moulds, mechanical parts, machine tools other allied parts products used in automotive and electronic industry.*

6. *To act as consultants in the filed of engineering, automotive, electronics and other allied applications, new and on going projects, modernization and manufacturing processes.*

7. *To carry on the business of manufacturers of and dealers in all kinds of plastics materials industry styrenes, polystyrene, vinyl chloride, polyvinyl, chloride, polyethylene, polyoleifines, vinyl acetate and co-polymers of one or more of the above acrylics and polyesters, polycarbonates and polyethers and epoxy resins and composition silicon resins and compositions, P-F, U-F and other thermosetting, resins and moulding compositions, nylons, rilsan and similar thermoplastics, moulding compositions including prefabricated sections and shapes, cellulosic plastics and other thermosetting and thermoplastic materials (of synthetic or natural origin) oxygen, nitrogen, hydrogen, halogens, hydrocarbon gases, including ethylene and acetylene, propylene, butanes and guologues and allied types reagents, agricultural chemicals, insecticides, fumigants weedicides, pesticides, coloring materials, pigments and lakes, paints, varnishes, lacquers, finishes, dyes, toners, perfume and flavouring chemicals, rubber chemicals, plastic and resinous materials, elastomers, gums, glues and adhesive compositions, plasticizers, surface, active agents, tanning agents, coating resins, drugs and pharmaceutical, chemicals solvents, marine chemicals, synthetic fibers, fertilizers and all types of industrial chemicals, acids, alkalies, hormones, trace elements.*

8. *To carry on the business of manufacturing, buying, selling, reselling, sub-contracting, exchanging, hiring, altering, importing, exporting, improving, assembling distributing, servicing, repairing and dealing in all original equipment manufacturers and also on a jobbing industry basis and in any other capacity all and every kind of machineries, component parts, replacement parts, spare parts, accessories, tools, implements and fitting of all kinds inclusive of all types of axles, and all relevant axle fittings of all kinds inclusive of all types of axles and all relevant axle assembly, components, parts and accessories, propeller shafts and universal joints, ornamentation and decorative parts for motors, vehicles, trucks, tractors, motor-lorries, motor-cycles, motors, cycle cars, cycles, scooters, buses, omnibuses, locomotives, tanks, ships, engines, wagons, boats, barges, launches, submarines, airplanes, airships, seaplanes, balloons, aircrafts, spaceships, spacecrafts, rockets, space shuttles of every descriptions and other vehicles, and products of all descriptions whether propelled or used by means of petrol, spirit, steam, oil vapour, gas, coal, electricity, petroleum, atoms or any other motive or mechanical power, in India or elsewhere and to carry on any other business, manufacturing or otherwise, which is connected to the above.*

9. **CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE**

With effect from the Appointed date and upto and including the Effective Date:

9.1 SMIEL undertakes to preserve and carry on its business, with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber or otherwise deal with or dispose of any undertaking or any part thereof save and except in each case:

a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court(s); or

b) if the same is expressly permitted by this Scheme; or

c) if the prior written consent of the Board of Directors of MSSL has been obtained.

9.2 SMIEL shall carry on and be deemed to have carried on all business and activities and shall stand possessed of all the assets, rights, title and interest for and on account of, and in trust for MSSL.

9.3 All profits and cash accruing to or losses arising or incurred (including the effect of taxes if any thereon), by SMIEL, shall for all purposes, be treated as the profits/ cash, taxes or losses of MSSL.

9.4 All accretions and depletions to SMIEL shall be for and on account of MSSL.

9.5 Any of the rights, powers, authorities, privileges, attached, related or pertaining to or exercised by SMIEL, shall be deemed to have been exercised by SMIEL, for and on behalf of, and in trust for and as an agent of MSSL. Similarly, any of the obligations, duties and commitments attached, related or pertaining to SMIEL, that have been undertaken or discharged by SMIEL, shall be deemed to have been undertaken for and on behalf of and as an agent for MSSL.

9.6 As and from the Appointed date and till the Effective Date:

a) All assets and properties comprised in SMIEL, as on the date immediately preceding the Appointed date, whether or not included in the books of SMIEL and all assets and properties relating thereto, which are acquired by SMIEL on or after the Appointed date, in accordance with this Scheme, shall be deemed to be the assets and properties of MSSL.

b) All debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations as on the Appointed date, whether or not provided in the books of SMIEL and all debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations relating thereto which arise or accrue to SMIEL on or after the Appointed date in accordance with this Scheme, shall be deemed to be the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of MSSL.

10. **STAFF, WORKMEN AND EMPLOYEES**

10.1 On the Scheme becoming effective, staff, workmen and employees of SMIEL in service on the Effective Date shall be deemed to have become staff, workmen and employees of MSSL, with effect from the Appointed date without any break, discontinuance or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with MSSL shall not be less favourable than those applicable to them with reference to SMIEL on the Effective Date. The services of the staff, workmen and employees of SMIEL, will be treated as having been continuous for all intent and purposes including for terminal benefits.

10.2 On the Scheme becoming effective, the Provident Fund, Gratuity Fund and Pension and/ or Superannuation Fund or any other special fund or trusts created or existing for the benefit of the staff, workmen and other employees of SMIEL shall become the trusts /funds of MSSL, for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of SMIEL, in relation to such fund or funds shall become those of MSSL.

11. **LEGAL PROCEEDINGS**

All legal proceedings of whatsoever nature by or against SMIEL, pending and/or arising on or after the Appointed date and relating to SMIEL shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against MSSL in the manner and to the same extent as would or might have been continued and enforced by or against SMIEL.

12. **CONTRACTS, DEEDS, ETC.**

12.1 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 SMIEL is a party or to the benefit of which SMIEL 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 MSSL and may be enforced as fully and effectually as if, instead of SMIEL, MSSL had been a party or beneficiary or obligee thereto or thereunder.

12.2 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, power of attorney given by, issued to or executed in favour of SMIEL shall stand transferred to MSSL, as if the same were originally given by, issued to or executed in favour of MSSL, and MSSL shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to MSSL. MSSL shall make applications and do all such acts or things which may be necessary to obtain relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.

13. **SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of the assets, liabilities and obligations pertaining /relating to SMIEL, pursuant to this Scheme, and the continuance of the proceedings by or against MSSL, under Clause 12 hereof shall not affect any transactions or proceedings already completed by SMIEL, on and after the Appointed date to the end and intent that MSSL accepts all acts, deeds and things done and executed by and/ or on behalf of SMIEL, as acts, deeds and things done and executed by and on behalf of MSSL.

PART – III
GENERAL TERMS AND CONDITIONS

14. **APPLICATION TO THE HIGH COURT**

SMIEL and MSSL shall, with all reasonable dispatch, make applications/petitions under Sections 391-394 and other applicable provisions of the Act to the High Court of Judicature at Delhi or any other appropriate authority, for sanction of this Scheme under the provisions of law.

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

SMIEL and MSSL by their respective Board of Directors or Board Committee may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors). SMIEL and MSSL by their respective Board of Directors or Board Committee be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions of law or otherwise, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

16. **CONDITIONALITY OF THE SCHEME**

This Scheme is and shall be conditional upon and subject to:

16.1 The requisite approvals being obtained from the Stock exchanges to the Scheme.

16.2 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of the MSSL and SMIEL as prescribed under the Act and as may be directed by the High Court or any other appropriate authority as may be applicable.

16.3 The sanction of this Scheme by the High Court or any other appropriate authority under Sections 391 to 394 and other applicable provisions of the Act in favour of MSSL and SMIEL.

16.4 Certified or authenticated copy of the Order sanctioning the Scheme being filed with the Registrar of Companies, NCT of Delhi & Haryana by MSSL and SMIEL as prescribed under law.

16.5 The requisite, consent, approval or permission of the Central Government or any other statutory or regulatory authority, if any, which by law may be necessary for the implementation of this Scheme.

17. **EFFECT OF NON-RECEIPT OF APPROVALS**

In the event of any of the said sanctions and approvals referred to in Clause 16 not being obtained and/ or the Scheme not being sanctioned by the Hon'ble High Court, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law and agreed between the respective parties to this Scheme. Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme unless otherwise mutually agreed.

18. **COSTS, CHARGES AND EXPENSES**

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of MSSL and SMIEL arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by MSSL and SMIEL in equal proportion.

SCHEME OF ARRANGEMENT AND AMALGAMATION
BETWEEN
MOTHERSON SUMI SYSTEMS LIMITED ("MSSL")
AND
MSSL GLOBAL WIRING LIMITED ("MGWL")
AND
INDIA NAILS MANUFACTURING LIMITED ("India Nails")
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
[UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956]

PRELIMINARY

1. MOTHERSON SUMI SYSTEMS LIMITED (hereinafter referred to as 'MSSL') is a company incorporated under the Companies Act, 1956 having its registered office at 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi - 110044. The equity shares of MSSL are listed on Bombay Stock Exchange ('BSE'), National Stock Exchange ('NSE'), Delhi Stock Exchange ('DSE') and Ahmedabad Stock Exchange ('ASE').

2. MSSL is engaged in the businesses of automobile sector comprising of wiring harnesses, PVC insulated wire, molded plastic parts including car interior and exterior parts, complete modules including bumpers, dashboards and door trims, rubber components for automotive and industrial applications, high-precision machined metal parts etc. MSSL is continuously strengthening its position as a globally preferred solutions provider by offering end-to-end solutions, encompassing designing from basic data to prototyping, tooling, moulding, assembly and integrated modules.

3. MSSL GLOBAL WIRING LIMITED (hereinafter referred to as '**MGWL**') is a company incorporated under the provisions of the Companies Act, 1956 having its registered office at 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi - 110044.

4. MGWL is engaged in the business of manufacture of wiring harnesses and related components primarily for use in automotives.

5. India Nails Manufacturing Limited (hereinafter referred to as '**India Nails**') is a company incorporated under the provisions of the Companies Act, 1956 having its registered office at 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi - 110044.

6. India Nails was earlier undertaking the business of manufacture of shoe nails and ancillary objects and has been proposing to engage in the business of manufacture of wiring harness and related components.

7. This Scheme of Arrangement and Amalgamation is under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 for amalgamation of MGWL and India Nails with MSSL.

8. Both MGWL and India Nails are wholly owned subsidiaries of MSSL. There are synergies in the business operations of MSSL, MGWL and India Nails. In order to provide better operational and financial efficiency in the businesses of MSSL, MGWL and India Nails, it is intended to merge MGWL and India Nails into MSSL. The Scheme of Arrangement would benefit the respective businesses on account of the following reasons:

   a) Amalgamating MGWL and India Nails into MSSL will give the consolidated company better finances, facilitate adequate resource mobilisation to sustain growth;

   b) Strengthening and consolidating the position of MSSL and enabling it post merger to participate more vigorously and profitably in an increasingly competitive and liberalized market;

   c) Enabling better leverage of facilities, infrastructure and human resources and for better administration;

   d) Augmenting and strengthening core businesses of MSSL resulting in enhancement of the shareholders' value of MSSL;

   e) Enabling the amalgamated entity to raise funds from the banks/financial institutions on better terms. The synergy of the amalgamation will improve operational efficiency, integrated management functioning and will enhance the share value for the benefit of shareholders of the existing entities;

   f) The merger of MGWL and India Nails into MSSL will result in reduction of overheads, administrative, managerial and other expenditure, and bring about operational rationalization, tax and organizational efficiency, and optimal utilization of various resources;

   g) The merger will result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out each by MGWL and India Nails and also avoid duplication of administrative functions and eliminate multiple record-keeping;

   h) The said scheme of arrangement is beneficial to the companies, their shareholders, creditors, employees and all concerned and will enable these companies to achieve and fulfill their objectives more efficiently and economically; and

   i) None of the directors of MGWL or India Nails have any material interest in the scheme except as shareholders in general.

PART – I
DEFINITIONS AND SHARE CAPITAL

1. **DEFINITIONS**

In this Scheme (as defined hereinafter), unless repugnant to the meaning or context thereof, the following expressions shall have the meaning mentioned herein below:

1.1 **"Act" or "The Act"** means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force.

1.2 **"Appointed Date"** means 1st day of April, 2011 (Opening business hours) or such other date as may be approved by the High Court (as defined hereinafter) for the merger of MGWL and India Nails with MSSL under Part - II of this Scheme.

1.3 "**Assets**" in relation to each of the Transferor Companies means and includes:

(i) all cash balances, balances with banks, inter corporate deposits, investments, advances, fixed assets and other assets including, all other properties, movable, immovable, tangible, intangible, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatever nature and wheresoever situated including installations, buildings, offices, plant and machinery, furniture and fittings, vehicles, office equipment, softwares, shares, stocks, securities, current assets, earnest monies and/or security deposits, spares, tools and instruments, book debts, outstandings and receivables, remittances in transit, post dated cheques, benefit of any security arrangements including assigned insurance policies, any other instrument, pre paid expenses, fringe benefit tax paid, tax credits, as applicable, income-tax paid including tax deducted at source, tax collected at source, advance tax and self assessment tax and balances with regulatory authorities belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or enjoyed by the Transferor Companies as of the Appointed Date;

(ii) reversions, powers, authorities, allotments, approvals, consents, entitlements, industrial and other licenses, leases, registrations, agreements, contracts, engagements, arrangements of all kinds, rights, privileges, title, interests, no-objection certificates and certifications, benefits and advantages, of whatsoever nature and wheresoever situate, trade names and other intellectual property rights of any nature whatsoever, including those relating to trademarks, or service marks, permits, authorizations, right 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 all agreements and all other interests of whatsoever nature, whether in India or abroad, belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or enjoyed by each of the Transferor Companies as of the Appointed Date; and

(iii) all necessary records, files, papers, engineering and process information, computer programmes, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer information and other records in connection with or relating to each of the Transferor Companies business.

1.4 **"Effective Date"** means the date on which certified copy(s) of the Order of the High Court or any other appropriate authority under Sections 391 to 394 of the Act sanctioning this Scheme are filed with the Registrar of Companies, NCT of Delhi & Haryana.

1.5 **"High Court"** means the Hon'ble High Court of Delhi, provided however that in case the statutory jurisdiction in regard to sanctioning of the Scheme being vested in any other authority, the reference in this scheme to High court to be read as the authority vested with the jurisdiction to sanction the Scheme.

1.6 **"India Nails"** or "**Transferor No. 2 Company**" means India Nails Manufacturing Limited, a company incorporated under the Act, having its registered office at 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi - 110044;

1.7 "**Liabilities**" means all debts, secured and unsecured loans, liabilities including contingent liabilities, share application monies received pending allotment, responsibilities, obligations, duties of the Transferor Company as of the Appointed Date;

1.8 **"MGWL"** or "**Transferor No. 1 Company**" means MSSL Global Wiring Limited, a company incorporated under the Act, having its registered office at 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi – 110044;

1.9 **"MSSL"** or **"Transferee Company"** means Moherson Sumi Systems Limited, a company incorporated under the Act, having its registered office at 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi - 110044.

1.10 **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme of Arrangement and Amalgamation, in its present form or with any modification(s) made under Clause 15 of this Scheme as approved or directed by the High Court or any other appropriate authority.

1.11 "**Undertaking**" of the each of the Transferor Companies means the business and functions along with:

(i) all properties & assets of the respective Transferor Companies;
(ii) all liabilities of the respective Transferor Companies; and
(iii) all employees of the respective Transferor Companies, engaged at their respective offices and branches at their current terms and conditions.

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

2. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

The Scheme set out herein in its present form or with any modification(s) approved or directed by the High Court or any other appropriate authority shall be operative from the Appointed Date(s) but shall be effective from the Effective Date.

3. **SHARE CAPITAL**

3.1 The Share Capital of MSSL as on 1st April, 2011 is as under:

	(Rs.)
Authorized Capital	
1,923,000,000 Equity Shares of Rs. 1/- each	1,923,000,000
Total :	**1,923,000,000**
Issued,	
387,547,000 Equity Shares of Rs. 1/- each	387,547,000
Total :	**387,547,000**
Subscribed and Paid-up	
387,543,800 Equity Shares of Rs. 1/- each	387,543,800
Total :	**387,543,800**

3.2 The Share Capital of MGWL as on 1st April, 2011 is as under:

	(Rs.)
Authorized Capital	
5,000,000 Equity Shares of Rs. 10/- each	50,000,000
1,500,000 Non-Cumulative Redeemable Preference Shares of Rs. 100/- each	150,000,000
Total :	**200,000,000**
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs. 10/- each	500,000
Total :	**500,000**

The entire share capital of MGWL is held by MSSL and the nominees of MSSL.

3.3 The Share Capital of India Nails as on 1st April, 2011 is as under:

	(Rs.)
Authorized Capital	
35,000,000 Equity Shares of Rs. 10/- each	350,000,000
Total :	**350,000,000**
Issued, Subscribed and Paid-up	
32,755,766 Equity Shares of Rs. 10/- each	327,557,660
Total :	**327,557,660**

The entire share capital of India Nails is held by MSSL and the nominees of MSSL.

PART – II
MERGER OF MGWL AND INDIA NAILS WITH MSSL

4. **TRANSFER AND VESTING OF UNDERTAKING**

4.1 With effect from the Appointed Date and upon the Scheme becoming effective, the entire business and undertakings of the Transferor Companies, shall, under the provisions of Sections 391 and 394 and other applicable provisions, if any, of the Act, and pursuant to the orders of the Hon'ble High Court or other appropriate authority, if any, sanctioning the Scheme shall without any further act, deed, matter or thing, stand transferred to and vested in and/or deemed to be transferred to and vested in MSSL so as to become the properties and liabilities of MSSL consistent with Section 2(1B) of the Income Tax Act, 1961.

4.2 Without prejudice to the generality of the above said Clause:

a) With effect from the Appointed Date and upon the Scheme becoming effective, any licenses, permissions, approvals, registrations, trademarks, brands, consents and other similar authorisations held by the Transferor Companies shall stand vested in or transferred to MSSL without any further act, deed, matter or thing and to be appropriately mutated/ registered in favour of MSSL. The benefit of all

statutory and regulatory licenses, permissions, approvals, registrations or consents of the Transferor Companies shall vest in and become available to MSSL pursuant to this Scheme.

b) In respect of all the movable assets owned by the Transferor Companies as on the effective date and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery or novation, including cash on hand, shall be so transferred to MSSL and deemed to have been physically handed over or by endorsement and delivery, as the case may be, to MSSL to the end and intent that the property and benefit therein passes to MSSL with effect from the Appointed date.

c) In respect of the movable assets owned by the Transferor Companies as on the effective date, other than those mentioned in Clause (b) above, including actionable claims, sundry debtors, outstanding loans, advances, whether recoverable in cash or kind or for value to be received and deposits, if any with the local and other authorities, bodies corporate, customers and other persons, the Transferor Companies shall, if so required by MSSL, issue notices in such form as MSSL may deem fit and proper stating that pursuant to the sanction to the Scheme, the relevant debt, loan, advance or other asset, be paid or made good or held on account of MSSL, as the person entitled thereto, to the end and intent that the rights of the Transferor Companies to recover or realize the same stands transferred to MSSL and that appropriate entries should be passed in their respective books to record the aforesaid changes.

d) With effect from the Appointed date and upon the Scheme becoming effective, the immovable properties standing in the books of the Transferor Companies, and any documents of title/rights and easements in relation thereto shall be vested in and transferred to and/or be deemed to have been vested in and transferred to MSSL and shall belong to MSSL. The mutation of the title to the immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of MSSL. Any inchoate title or possessory title of the Transferor Companies shall be deemed to be the title of MSSL.

e) All taxes of any nature, duties, cess or any other like payment or deductions made by the Transferor Companies to any statutory authorities including but not limited to Income Tax, Service Tax, VAT Tax, Excise Duty or any tax deduction/collection at source, relating to the period after the Appointed date up to the effective date shall be deemed to have been on account of or on behalf of or paid by MSSL and MSSL shall be entitled to the transfer to its credit.

f) All cheques and other negotiable instruments, payment orders received in the name of the Transferor Companies after the Effective Date shall be accepted by the Bankers of MSSL and credited to the account of MSSL. Similarly, the Banker of MSSL shall honour cheques issued by the Transferor Companies for payment after the Effective Date.

g) It is expressly clarified that upon the Scheme becoming effective all taxes payable by the Transferor Companies from the Appointed date onwards shall be treated as the tax liability of MSSL; similarly all credits for tax deduction at source on income of the Transferor Companies or obligation for deduction of tax at source on any payment made by or to be made by Transferor Companies shall be made or deemed to have been made and duly complied with if so made by MSSL. Similarly any advance tax payment required to be made for by specified due dates in the tax laws shall also be deemed to have been made correctly if so made by Transferor Companies.

h) With effect from the Appointed date, all debts, liabilities (including contingent liabilities), duties and obligations of every kind, nature and description of Transferor Companies shall be deemed to have been transferred to MSSL and to the extent they are outstanding on the Effective Date shall, without any further act, deed, matter or thing, be and stand transferred to MSSL and shall become the liabilities and obligations of MSSL which shall undertake to meet, discharge and satisfy the same and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities and obligations have arisen in order to give effect to the provisions of this Clause.

i) Where any of the debt, liabilities (including contingent liabilities), duties and obligations of the Transferor Companies as on the Appointed date, deemed to be transferred to MSSL have been discharged by the Transferor Companies after the Appointed date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of MSSL, and all loans raised and all liabilities and obligations incurred by the Transferor Companies after the Appointed date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of MSSL and to the extent they are outstanding on the Effective Date, shall also without any further act, deed, matter or thing shall stand transferred to MSSL and shall become the liabilities and obligations of MSSL which shall undertake to meet, discharge and satisfy the same.

j) MSSL shall not be required to create any additional security over assets acquired by it under the scheme for any loans, deposits or facility availed or raised by it.

k) Any inter se contracts between Transferor Companies and MSSL shall stand adjusted and vest in MSSL upon sanction of the scheme and upon the scheme becoming effective.

l) All the loans and advances extended or notes issued by MSSL to the Transferor Companies and vice-versa shall stand cancelled the parties shall have no further obligation in that behalf.

4.3 Upon the Scheme becoming effective, the Transferor Companies shall be dissolved without being wound up.

5. **DIVIDEND, BONUS SHARES**

The Transferor Companies shall not without the prior consent of MSSL utilize the profits, if any, for the period from and after the Appointed date, for declaring or paying any dividends, or capitalizing profits by issue of bonus shares.

6. **CONSIDERATION**

The entire issued, subscribed and paid up share capital of the Transferor Companies is held by MSSL and the nominees of MSSL. Since MSSL is not permitted to issue shares to itself under the provisions of the Act, no new Equity shares shall be issued or allotted by MSSL to itself as consideration of amalgamation.

7. **ACCOUNTING TREATMENT**

Upon the Scheme becoming effective and with effect from the Appointed date, the merger of the Transferor Companies with MSSL shall be accounted as per "The Pooling of Interests Method" as prescribed in the Accounting Standard 14 contained in the Companies (Accounting Standards) Rules, 2006, notified under section 211(3C) of the Companies Act, 1956 such that:

7.1 The Transferor Companies being wholly owned subsidiaries of MSSL, no shares are to be issued in MSSL upon the merger of the Transferor Companies. The Investments of MSSL in the equity share capital of the Transferor Companies as appearing in its books of accounts shall stand cancelled.

7.2 MSSL shall, record all the assets and liabilities, including reserves and profit and loss of the Transferor Companies vested in it pursuant to this Scheme, at their respective book values as on the Appointed date.

7.3 The loans and advances inter-se between MSSL and the Transferor Companies appearing in their respective books of accounts, if any, shall stand cancelled.

7.4 The difference in the value of net assets and reserves of the Transferor Companies to be vested in MSSL as per Clause 7.2 above, adjusted for cancellation of the equity share capital as mentioned in Clause 7.1 above and would be credited to Reserves or debited to Goodwill of MSSL, as the case may be.

7.5 In case of any difference in accounting policy between the Transferor Companies and MSSL, the impact of the same till appointed date will be quantified and adjusted in the general reserves of MSSL to ensure that the financial statements of MSSL reflect the financial position on the basis of consistent accounting policy.

8. **INCREASED IN THE AUTHORISED SHARE CAPITAL**

8.1 Upon the coming into effect of this Scheme, the Authorized Share Capital of MSSL shall automatically stand increased without any further act, deed or thing on the part of MSSL to the aggregate of the authorized share capital of the MSSL and the Transferor Company and the statutory fee already discharged by the Transferor Companies with the concerned Registrar of Companies under the Companies Act, 1956 in connection with their authorised share capital amounting to an aggregate of Rs.550,000,000/- would be for all purposes deemed to have been discharged by MSSL. Consequently, all the relevant Clauses of the Memorandum of Association and the relevant Article of Association of the Transferee Company (relating to authorised share capital) shall, without any further act, instrument or deed, be and shall stand altered, modified and amended in the manner set out below and be replaced by the following clause:

"The Authorised Share Capital of the Company is Rs. 2,473,000,000 divided into 2,473,000,000 equity shares of Re. 1/- each."

9. **CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE**

With effect from the Appointed date and upto and including the Effective Date:

9.1 The Transferor Companies undertake to preserve and carry on its business, with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber or otherwise deal with or dispose of any undertaking or any part thereof save and except in each case:

a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court(s); or
b) if the same is expressly permitted by this Scheme; or
c) if the prior written consent of the Board of Directors of MSSL has been obtained.

9.2 The Transferor Companies shall carry on and be deemed to have carried on all business and activities and shall stand possessed of all the assets, rights, title and interest for and on account of, and in trust for MSSL.

9.3 All profits and cash accruing to or losses arising or incurred (including the effect of taxes if any thereon), by the Transferor Companies, shall for all purposes, be treated as the profits/ cash, taxes or losses of MSSL.

9.4 All accretions and depletions to the Transferor Companies shall be for and on account of MSSL.

9.5 Any of the rights, powers, authorities, privileges, attached, related or pertaining to or exercised by the Transferor Companies, shall be deemed to have been exercised by the Transferor Companies, for and on behalf of, and in trust for and as an agent of MSSL. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Transferor Companies, that have been undertaken or discharged by the Transferor Companies, shall be deemed to have been undertaken for and on behalf of and as an agent for MSSL.

9.6 As and from the Appointed date and till the Effective Date:

a) All assets and properties comprised in the Transferor Companies, as on the date immediately preceding the Appointed date, whether or not included in the books of the Transferor Companies and all assets and properties relating thereto, which are acquired by the Transferor Companies on or after the Appointed date, in accordance with this Scheme, shall be deemed to be the assets and properties of MSSL.

b) All debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations as on the Appointed date, whether or not provided in the books of the Transferor Companies and all debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations relating thereto which arise or accrue to the Transferor Companies on or after the Appointed date in accordance with this Scheme, shall be deemed to be the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of MSSL.

10. **STAFF, WORKMEN AND EMPLOYEES**

10.1 On the Scheme becoming effective, staff, workmen and employees of the Transferor Companies in service on the Effective Date shall be deemed to have become staff, workmen and employees of MSSL, with effect from the Appointed date without any break, discontinuance or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with MSSL shall not be less favourable than those applicable to them with reference to the Transferor Companies on the Effective Date. The services of the staff, workmen and employees of the Transferor Companies, will be treated as having been continuous for all intent and purposes including for terminal benefits.

10.2 On the Scheme becoming effective, the Provident Fund, Gratuity Fund and Pension and/ or Superannuation Fund or any other special fund or trusts created or existing for the benefit of the staff, workmen and other employees, if any of the Transferor Companies shall become the trusts /funds of MSSL, for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Companies, in relation to such fund or funds shall become those of MSSL and that the services of the staff, workmen and employees, if any of the Transferor Companies, will be treated as having been continuous for the purpose of the said fund or funds.

11. **LEGAL PROCEEDINGS**

All legal proceedings of whatsoever nature by or against the Transferor Companies, pending and/or arising on or after the Appointed date and relating to the Transferor Companies shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against MSSL in the manner and to the same extent as would or might have been continued and enforced by or against the Transferor Companies.

12. **CONTRACTS, DEEDS, ETC.**

12.1 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 Companies are a party or to the benefit of which the Transferor Companies may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour of MSSL and may be enforced as fully and effectually as if, instead of the Transferor Companies, MSSL had been a party or beneficiary or oblige thereto or thereunder.

12.2 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, power of attorney given by, issued to or executed in favour of the Transferor Companies shall stand transferred to MSSL, as if the same were originally given by, issued to or executed in favour of MSSL, and MSSL shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to MSSL. MSSL shall make applications and do all such acts or things which may be necessary to obtain relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.

13. **SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of the assets, liabilities and obligations pertaining/relating to the Transferor Companies, pursuant to this Scheme, and the continuance of the proceedings by or against MSSL, under Clause 12 hereof shall not affect any transactions or proceedings already completed by the Transferor Companies, on and after the Appointed date to the end and intent that MSSL accepts all acts, deeds and things done and executed by and/ or on behalf of the Transferor Companies, as acts, deeds and things done and executed by and on behalf of MSSL.

PART – III
GENERAL TERMS AND CONDITIONS

14. **APPLICATION TO THE HIGH COURT**

MSSL and the Transferor Companies shall, with all reasonable dispatch, make applications/petitions under Sections 391-394 and other applicable provisions of the Act to the High Court of Judicature at Delhi or any other appropriate authority, for sanction of this Scheme under the provisions of law.

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

MSSL and the Transferor Companies by their respective Board of Directors or Board Committee may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors). MSSL and the Transferor Companies, by their respective Board of Directors or Board Committee be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions of law or otherwise, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

16. **CONDITIONALITY OF THE SCHEME**

This Scheme is and shall be conditional upon and subject to:

16.1 The requisite approvals being obtained from the Stock exchanges to the Scheme.

16.2 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of the MSSL and the Transferor Companies as prescribed under the Act and as may be directed by the High Court or any other appropriate authority as may be applicable.

16.3 The sanction of this Scheme by the High Court or any other appropriate authority under Sections 391 to 394 and other applicable provisions, if any of the Act in favour of MSSL and the Transferor Companies.

16.4 Certified or authenticated copy of the Order sanctioning the Scheme being filed with the Registrar of Companies, NCT of Delhi & Haryana by MSSL and the Transferor Companies as prescribed under law.

16.5 The requisite, consent, approval or permission of the Central Government or any other statutory or regulatory authority, if any, which by law may be necessary for the implementation of this Scheme.

17. **EFFECT OF NON-RECEIPT OF APPROVALS**

In the event of any of the said sanctions and approvals referred to in Clause 16 not being obtained and/ or the Scheme not being sanctioned by the Hon'ble High Court or such other appropriate authority, if any, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law and agreed between the respective parties to this Scheme. Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme unless otherwise mutually agreed.

18. **COSTS, CHARGES AND EXPENSES**

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of MSSL and the Transferor Companies arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by MSSL.

IN THE HIGH COURT OF DELHI AT NEW DELHI
ORIGINAL COMPANY JURISDICTION
COMPANY APPLICATION (M) NO. 120 OF 2011

IN THE MATTER OF:
Section 391, 392, 394 and other applicable provisions of the Companies Act, 1956
AND
IN THE MATTER OF:
Scheme of Amalgamation of Sumi Motherson Innovative Engineering Limited into Motherson Sumi Systems Limited.
AND
IN THE MATTER OF:

1. Sumi Motherson Innovative Engineering Limited
   2nd Floor, F-7, Block B1, Mohan Cooperative Industrial Estate,
   Mathura Road, New Delhi – 110044 .... Transferor/Applicant No. 1 Company
2. Motherson Sumi Systems Limited
   2nd Floor, F-7, Block B1, Mohan Cooperative Industrial Estate,
   Mathura Road, New Delhi – 110044 .... Transferee/Applicant No. 2 Company

FORM OF PROXY

I/We ______________________________ the undersigned Secured Creditors of Motherson Sumi Systems Limited, the Applicant No.2/ Transferee Company, hereby appoint____________________<<Name of the person>> of ______________________________<<Organisation name>> and failing him/her ____________________<<Name of the person>> of __________________________<<Organisation name>> as my/our Proxy to act for me/us at the Meeting of Secured Creditors of Motherson Sumi Systems Limited, the Applicant No.2/ Transferee Company, to be held at PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110016, on 15th day of October, 2011 at 12:00 Noon for the purpose of considering and, if thought fit, approving, with or without modifications, the proposed Scheme of Amalgamation of Sumi Motherson Innovative Engineering Limited, the Transferor Company, with Motherson Sumi Systems Limited, the Transferee Company and their respective Shareholders and Creditors, at such meeting and any adjournment(s) thereof, to vote, for me/us, and in my/our name(s) _____________________ (here, "if for" insert "for", "if against" insert "against", and in the latter case, strike out the words appearing after "Scheme of Amalgamation") the said Scheme of Amalgamation either with or without modifications as my/our proxy may approve.

Dated this ________ day of _______ 2011.

Affix. Revenue Stamp of Re. 1/-

Signature across the stamp

Name : ....

Address : ....

....

* Strike out whichever is not applicable

NOTE:

a) The proxy must be deposited at the Registered Office of Motherson Sumi Systems Limited, 2nd Floor, F-7, Block B1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi- 110044, not later than 48 hours before the meeting.
b) All alterations made in the Form of Proxy should be initialed.

- (Tear Here) -

Motherson Sumi Systems Limited
Registered Office: 2nd Floor, F-7, Block B1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi- 110044

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.
I hereby record my presence at the Meeting of the Secured Creditors of Motherson Sumi Systems Limited, convened pursuant to the Order dated 24.8.2011 of the High Court of Judicature at New Delhi, on Saturday, 15th October 2011 at PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi – 110016 at 12:00 Noon.

Name and Address of Secured Creditors (IN BLOCK LETTERS) :
....
....

Signature : ....

Name of the Proxy (**IN BLOCK LETTERS)** : ....

Signature : ....
(as registered with the Company)

__**NOTE**__: Secured Creditors attending the Meeting in person or by Proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.

BOOK POST

If undelivered, please return to :

Registered Office:
Motherson Sumi Systems Limited
2nd Floor, F-7, Block B1,
Mohan Cooperative Industrial Estate,
Mathura Road, New Delhi - 110044