



Sundaram-Clayton Limited

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01/01/C/02/

26th December 2011

The Manager
Listing department
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G
Bandra-Kurla Complex
Bandra (E), Mumbai 400 051.

Scrip code: SUNCLAYTON

Dear Sirs,

Re: Draft Composite Scheme of Arrangement including Amalgamation and Demerger among Sundaram-Clayton Limited (SCL), and its wholly owned subsidiaries and their respective shareholders, subject to all requisite or necessary approvals/sanctions including under and in accordance with Sections 391-394 of the Companies Act, 1956 – Intimation under clause 36 of the Listing Agreement for seeking approval under clause 24(f) of the Listing Agreement

Ref: Our letter dated 13th August, 2010 and
Our letter dated 14th November 2010 on the above subject

We invite your kind attention to our above letters, wherein we intimated the proposed Scheme of Arrangement including Amalgamation and Demerger among Sundaram-Clayton Limited (SCL), and its wholly owned subsidiaries, namely, Anusha Investments Limited (AIL) and Sundaram Investment Limited (SIL), and their respective shareholders ("the Scheme"), subject to all requisite or necessary approvals/sanctions including under and in accordance with Sections 391-394 of the Companies Act, 1956.

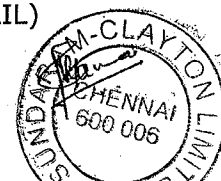
Subsequently, the board of directors and the Committee of directors have considered and made certain changes / modifications to the earlier Scheme and approved the same subject to (a) approval of the stock exchanges, (b) approval of the shareholders of the respective Companies at Court convened separate meetings, and (c) sanction of the Hon'ble High Court of Madras under and in accordance with Sections 391-394 of the Companies Act, 1956.

The modified draft Scheme of arrangement, as approved at the meeting held on 26th December 2011 will be submitted to you soon along with the application together with the required enclosures, for seeking your 'in principle' approval in terms of clause 24 of the Listing Agreement.

The salient features of the modified Scheme are given below:

❖ This Scheme has the following nomenclature of the various companies:

- i) Demerged Company, i.e., Sundaram-Clayton Limited (SCL);
- ii) Resulting Company, i.e., Sundaram Investment Limited (SIL);
- iii) Transferor Company i.e., Anusha Investments Limited (AIL)

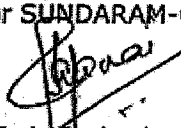


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- ❖ Amalgamation of AIL with SCL.
- ❖ Demerger of 'non-automotive related business' to and in favour of SIL comprising all assets, liabilities, duties, rights and obligations relatable to the 'demerged undertaking' namely 'non-automotive related business', and retaining 'automotive related business' with the Demerged Company;
- ❖ Fair share entitlement ratio, namely for every 2 (two) equity shares of Rs.5/- each fully paid up of SCL prior to the proposed reorganization of share capital of SCL as mentioned below:
 - ❖ 1(One) equity share of Rs.5/- each fully paid up of SIL **OR** 1(One) Non Cumulative Redeemable Preference Share (NRPS) of Rs 5/- each of SIL shall be issued and allotted by SIL; and
 - ❖ 1(One) equity share of Rs.5/- each fully paid up of SCL shall be issued and allotted by SCL after cancellation and extinguishment of the equity shares held in SCL prior to the reorganization.
- ❖ Non-listing of the shares of SIL and consequently providing for 'exit option' to the public shareholders of SIL at a fair value based on the valuation done by the valuer and the fairness opinion on the valuation given by the merchant banker.
- ❖ Conduct of business till the Scheme obtains the statutory approvals by the demerged, resulting and transferor companies.
- ❖ Continuation by or against the resulting/transferee companies of any legal proceedings pending by or against the demerged/transferor companies.
- ❖ Protection of employees' interest without any alteration in their service conditions consequent to the amalgamation and demerger.
- ❖ Provision with regard to payment of dividend from the Appointed Date.
- ❖ Accounting treatment consequent to the amalgamation and demerger as envisaged in the Scheme.
- ❖ Other general terms and conditions normally applicable to the Scheme of arrangement.

Thanking You,

Yours faithfully,
For SUNDARAM-CLAYTON LIMITED


R Raja Prakash
Company Secretary