`Shriram City Union Finance Limited

Registered Office: 123, Angappa Naicken Street
Chennai - 600 001, Tamil Nadu
website: www.shriramcity.in • email: sect@shriramcity.in

Court convened meeting of the Secured Creditors of
Shriram City Union Finance Limited

Day : Monday
Date : March 25, 2013
Time : 12:30 PM
Venue : Sri Krishna Gana Sabha, No - 20, Maharajapuram Santhanam Salai, T. Nagar, Chennai - 600 017

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IN THE HIGH COURT OF JUDICATURE AT MADRAS

[ORDINARY ORIGINAL CIVIL JURISDICTION]

COMPANY APPLICATION NO. 71 OF 2013

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

AND

In the matter of Sections 391 to 394 and Sections 100 to 103 of the Companies Act, 1956

AND

In the matter of the composite Scheme of Arrangement (Amalgamation) of
Shriram Retail Holdings Private Limited, Shriram Enterprise Holdings Private Limited and
Shriram City Union Finance Limited

Shriram City Union Finance Limited
a company incorporated under the provisions of Companies Act, 1956, and having its registered office at 123, Angappa Naicken Street, Chennai - 600 001, Tamil Nadu.
Represented by Mr G. S. Sundararajan, Managing Director. …. Applicant/

Transferee Company (2)

NOTICE CONVENING MEETING OF THE SECURED CREDITORS OF SHRIRAM CITY UNION FINANCE LIMITED

To
All Secured Creditors,
Shriram City Union Finance Limited **("the Applicant Company** or **Transferee Company (2)")**

TAKE NOTICE THAT by an Order made on Monday, January 28, 2013, the Hon'ble High Court of Judicature at Madras has directed that a meeting of the Secured Creditors of the Applicant Company, be held on Monday, March 25, 2013 at 12:30 PM at Sri Krishna Gana Sabha, No - 20, Maharajapuram Santhanam Salai, T. Nagar, Chennai - 600 017, Tamil Nadu, for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed composite Scheme of Arrangement among Shriram Retail Holdings Private Limited, Shriram Enterprise Holdings Private Limited and Shriram City Union Finance Limited and their respective shareholders and creditors.

TAKE FURTHER NOTICE THAT in pursuance of the said Order, the meeting of the Secured Creditors of the Applicant Company will be held on Monday, March 25, 2013 at 12:30 PM at Sri Krishna Gana Sabha, No - 20, Maharajapuram Santhanam Salai, T. Nagar, Chennai - 600 017, Tamil Nadu, at which time and place 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 of the Applicant Company at 123, Angappa Naicken Street, Chennai - 600 001, Tamil Nadu, not later than 48 hours before the meeting.

The Secured Creditors shall be present in person or by proxy.

The Hon'ble High Court has appointed Mr G. S. Sundararajan, Managing Director, failing him Mr R. Duruvasan, Managing Director, as the Chairman of the said meeting. A copy, each, of the said composite Scheme of Arrangement, the statement under Section 393 of the Companies Act, 1956, a form of proxy and attendance slip is enclosed.

Dated at Chennai this 21st day of February, 2013

Mr G. S. Sundararajan
Chairman appointed for the meeting

Registered office address:
123, Angappa Naicken Street
Chennai - 600 001, Tamil Nadu.

Notes:

(1) Only registered secured creditors of the Applicant Company may attend and vote (either in person or proxy) at the secured creditors meeting. The representative of a body corporate which is a secured creditor of the Applicant Company may attend and vote at the secured creditors meeting provided a certified copy of the resolution of the Board of Directors or other governing body of the body corporate, authorizing such representative to attend and vote at the secured creditors' meeting, is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting.

IN THE HIGH COURT OF JUDICATURE AT MADRAS

[ORDINARY ORIGINAL CIVIL JURISDICTION]

COMPANY APPLICATION NO. 71 OF 2013

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

AND

In the matter of Sections 391 to 394 and Sections 100 to 103 of the Companies Act, 1956

AND

In the matter of the composite Scheme of Arrangement (Amalgamation) of
Shriram Retail Holdings Private Limited, Shriram Enterprise Holdings Private Limited and
Shriram City Union Finance Limited

Shriram City Union Finance Limited
a company incorporated under the provisions of Companies Act, 1956, and having its registered office at 123, Angappa Naicken Street, Chennai - 600 001, Tamil Nadu.
Represented by Mr G. S. Sundararajan, Managing Director. …Applicant/

Transferee Company (2)

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956 ("Explanatory Statement")

1. Pursuant to an Order made on Monday, January 28, 2013, passed by the Hon'ble High Court of Judicature at Madras (**"High Court"**) in the Company Application referred to above, meeting of the secured creditors of Shriram City Union Finance Limited, (**the "Applicant Company"** or **"SCUF"** or **"Transferee Company (2)"**), is being convened at Sri Krishna Gana Sabha, No - 20, Maharajapuram Santhanam Salai, T. Nagar, Chennai - 600 017, Tamil Nadu, on Monday, March 25, 2013 at 12:30 PM, for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the composite Scheme of Arrangement (referred to as "**Scheme**") among Shriram Retail Holdings Private Limited (**"SRHPL"**), Shriram Enterprise Holdings Private Limited (**"SEHPL"**) and the Applicant Company and their respective shareholders and creditors.

2. The definitions contained in the Scheme shall apply to this Explanatory Statement.

3. The Scheme envisages merger of SEHPL into SRHPL (**"First Merger"**) and thereafter, merger of Consolidated SRHPL (as defined under clause 1.5 of the Scheme) into the Applicant Company (**"Second Merger"**). SEHPL and SRHPL would cease to exist, and all assets and liabilities of the companies would stand transferred to the Applicant Company post merger.

4. SEHPL and SRHPL are unlisted companies and are promoters of the Applicant Company. SRHPL holds 50.65% equity shareholding in the Applicant Company and the entire equity share capital of SEHPL as of December 31, 2012.

5. SRHPL's equity share capital is in turn held by Shriram Capital Limited ("**SCL**") (51%) and TPG India Investments I, Inc ("**TPG**") (49%).

6. Upon merger of Consolidated SRHPL into the Applicant Company, shares of the Applicant Company held by Consolidated SRHPL would be cancelled, and shareholders of Consolidated SRHPL would hold equity shares in the Applicant Company directly. The Scheme would hence, *inter-alia* reduce shareholding tiers by enabling the shareholders of Consolidated SRHPL to hold equity shares directly in the Applicant Company.

7. Accordingly, the following resolution is submitted for the approval, at the meeting of the secured creditors of the Applicant Company:

"**RESOLVED** that pursuant to the provisions of sections 391 to 394, sections 100 to 103 and other applicable provisions, if any, of the Companies Act, 1956 and sub clause (B) of clause III of the Objects Clause of the Memorandum of Association of the Company the consent of the secured creditors be and is hereby accorded for the composite Scheme of Arrangement (hereinafter referred to as the **"Scheme"**) entailing merger of Shriram Enterprise Holdings Private Limited (**"SEHPL"**) into Shriram Retail Holdings Private Limited (**"SRHPL"**) with effect from the First Merger Appointed Date (as defined in the Scheme) and thereafter, the merger of Consolidated SRHPL (as defined in the Scheme) into the Company, with effect from the Second Merger Appointed Date (as defined in the Scheme), as placed before the meeting and duly initialed by the Chairman of the meeting for the purpose of identification, and subject to the confirmation of the Hon'ble High Court of Judicature at Madras, and consent of the secured creditors be and is hereby accorded for all other terms of the Scheme.

RESOLVED FURTHER that subject to the confirmation of the Hon'ble High Court of Judicature at Madras and without the need for passing separate resolutions, the consent of the secured creditors be and is hereby accorded to the issuance of shares by the Company, and the cancellation of the shares of the Company held by SRHPL, as contemplated in the Scheme.

RESOLVED FURTHER that Sri G. S. Sundararajan, Managing Director, Smt Subhasri Sriram, Executive Director & CFO and Sri C. R. Dash, Company Secretary be and are hereby authorised, jointly and severally, to make such alteration and changes to the Scheme as may be expedient or necessary."

RESOLVED FURTHER that Sri G. S. Sundararajan, Managing Director, Smt Subhasri Sriram, Executive Director & CFO and Sri C. R. Dash, Company Secretary, be and are hereby authorised, jointly and severally, to take all steps necessary in connection with the following:-

(a) Filing petitions for confirmation of the Scheme by the Hon'ble High Court of Judicature at Madras;

(b) To do all acts and things as may be considered necessary and expedient in relation thereto (including the convening and conduct of General Meetings, as may be directed by the Hon'ble High Court of Judicature at Madras) and for that purpose to engage counsel;

(c) To take all necessary actions in this regard and take all necessary steps as are required for the implementation of the Scheme in all respects whatsoever and for obtaining the requisite approvals and/ or orders from the concerned authorities, including Stock Exchanges and the Courts respectively;

(d) To sign all the papers, documents, writings, applications, petitions, affidavits, representations, pleadings, etc which are required to be signed, executed, delivered for carrying into effect the said Scheme in all respects whatsoever and/ or for obtaining directions (including, but not limited to, from the Hon'ble High Court of Judicature at Madras) and to deliver a certified copy of this resolution to any concerned party or authorities and for this purpose, to appear in person and/or represent the Company before the Courts or any other authority"

8. The Board of Directors of SEHPL, SRHPL and the Applicant Company have in their respective Board Meetings, all held on October 31, 2012, approved and adopted the proposed Scheme, copy whereof is sent herewith. The proposed Scheme under Sections 391 to 394 and Sections 100 to 103 of the Companies Act, 1956 is deemed to form part of this statement.

9. **Background of the Companies**

9.1 Shriram City Union Finance Company Limited

(a) The Applicant Company was incorporated on March 27, 1986 as "Shriram Hire - Purchase Finance Private Limited" in the state of Tamil Nadu under the Companies Act, 1956. It became a public company under Section 44 of the Companies Act, 1956 with effect from October 29, 1988. Thereafter, the name of the Applicant Company was changed to "Shriram City Union Finance Limited" on April 10, 1990. Subsequently, it obtained a certificate of registration as a Deposit Accepting Financing Company dated April 17, 2007 bearing registration no. 07-00458 issued by the Reserve Bank of India to carry on the activities of a Non Banking Financial Company under Section 45IA of the Reserve Bank of India Act, 1934.

(b) The registered office of the Applicant Company is situated at 123, Anagappa Naicken Street, Chennai - 600 001, Tamil Nadu.

(c) The Applicant Company is a financial services company, specializing in retail finance. It is a Non Banking Finance Company which has a comprehensive range of offerings comprising of vehicle finance, personal loans, small business loans and loans against gold. The main objects for which the Applicant Company has been established are set out in its Memorandum of Association.

(d) The authorized, issued, subscribed and paid up share capital of the Applicant Company as of December 31, 2012 is as follows:

PARTICULARS	AMOUNT (₹)
AUTHORISED CAPITAL	
10,00,00,000 equity shares of ₹ 10 each	100,00,00,000
40,00,000 cumulative preference shares of ₹ 100 each	40,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
5,25,38,901 equity shares of ₹ 10 each	52,53,89,010
TOTAL	**52,53,89,010**

(e) The equity shares of the Applicant Company are listed on the BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE") and Madras Stock Exchange Limited ("MSE"). Subsequent to December 31, 2012, there has been no change in the authorized share capital of the Applicant Company. However, the issued, subscribed and paid up equity share capital of the Applicant Company has increased by 18,989 equity shares of ₹ 10 each which have been allotted to the employees of the Applicant Company under the Employee Stock Option Scheme, 2006 of the Applicant Company.

9.2 Shriram Retail Holdings Private Limited

(a) SRHPL was incorporated on January 24, 2006 as "Shriram Insurance Holdings Private Limited" in the state of Tamil Nadu under the Companies Act, 1956. Subsequently, its name changed to "Shriram Retail Holdings Private Limited" on January 31, 2008.

(b) The registered office of SRHPL is situated at Shriram House, No. 4 Burkit Road, Chennai - 600 017, Tamil Nadu.

(c) The objects for which SRHPL has been established are set out in the Memorandum of Association of SRHPL.

(d) The authorized, issued, subscribed and paid up share capital of SRHPL as of December 31, 2012 is as follows:

PARTICULARS	AMOUNT (₹)
AUTHORISED CAPITAL	
65,00,000 equity shares of ₹ 10 each	6,50,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
45,21,582 equity shares of ₹ 10 each	4,52,15,820
TOTAL	**4,52,15,820**

(e) The equity shares of SRHPL are not listed on any stock exchange. Subsequent to December 31, 2012, there has been no change in the authorized, issued, subscribed and paid-up capital of SRHPL.

(f) SRHPL is an unlisted investment holding company which presently holds the entire equity share capital of SEHPL and 50.65% of the equity share capital of the Applicant Company, as of December 31, 2012, and certain other investments in form of mutual fund units, bank deposits etc. SRHPL is a promoter of the Applicant Company and does not have any other operations. SRHPL's income typically comprises of dividend or other income from the above mentioned investments.

9.3 Shriram Enterprise Holdings Private Limited

(a) SEHPL was incorporated on June 29, 1995 as "Shriram Financial Technology Services Private Limited" in the state of Tamil Nadu under the Companies Act, 1956. Subsequently, its name changed to "Shriram Enterprise Holdings Private Limited" on February 10, 2006.

(b) The registered office of SEHPL is situated at Shriram House, No. 4 Burkit Road, Chennai - 600 017, Tamil Nadu.

(c) The objects for which SEHPL has been established are set out in the Memorandum of Association of SEHPL.

(d) The authorized, issued, subscribed and paid up share capital of SEHPL as of December 31, 2012 is as follows:

PARTICULARS	**AMOUNT (₹)**
AUTHORISED CAPITAL	
12,00,000 equity shares of ₹ 100 each	12,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
10,00,000 equity shares of ₹ 100 each	10,00,00,000
TOTAL	**10,00,00,000**

(e) The equity shares of SEHPL are not listed on any stock exchange. Subsequent to December 31, 2012, there has been no change in the authorized, issued, subscribed and paid-up capital of SEHPL.

(f) SEHPL is an unlisted investment holding company which presently holds investments in mutual fund units, bank deposits etc. SEHPL is presently a wholly owned subsidiary of SRHPL. SEHPL does not have any operations and is not engaged in any other business. SEHPL's income typically comprises of dividend or other income from its investments.

10. **Rationale and benefits**

The background, circumstances and benefits which justify the proposed Scheme are *inter-alia* as follows:

10.1 SRHPL is an unlisted investment holding company which presently holds the entire equity share capital of SEHPL and 50.65% of the equity share capital of the Applicant Company, as of December 31, 2012.

10.2 SRHPL's equity share capital is held by SCL (51%) and TPG (49%).

10.3 SRHPL and SEHPL are the Promoters of the Applicant Company and SCL is part of the Promoter Group.

10.4 The proposed Scheme is being undertaken to, *inter-alia*, reduce shareholding tiers, optimize shareholding costs and enable the shareholders of SRHPL to hold equity shares directly in the Applicant Company.

10.5 The entire undertaking of SEHPL shall merge with SRHPL, and thereafter, the Consolidated SRHPL undertaking shall merge with the Applicant Company. Upon merger of the Consolidated SRHPL with the Applicant Company, the shareholders of SRHPL would directly hold equity shares in the Applicant Company.

10.6 There is no likelihood that interests of any shareholder or creditor of SEHPL, SRHPL or the Applicant Company would be prejudiced as a result of the Scheme.

11. **Salient features of the Scheme**

First Merger

11.1 The First Merger shall come into legal operation from the First Merger Appointed Date, though it shall be effective from the Effective Date.

11.2 Pursuant to the Scheme, the SEHPL Undertaking (as defined in the Scheme), comprising all of the assets and liabilities of SEHPL shall be transferred to SRHPL as a going concern so as to become as and from the First Merger Appointed Date the assets and liabilities of the SRHPL and to vest in SRHPL all the rights, title, interest or obligations of the SEHPL Undertaking therein.

11.3 In consideration of the merger of SEHPL Undertaking into SRHPL pursuant to this Scheme, SRHPL shall not be required to issue and allot equity shares since SEHPL is a wholly owned subsidiary of SRHPL.

11.4 The shares or the share certificates of SEHPL in relation to the shares held by SRHPL shall, without any further application, act, instrument, deed, be deemed to have been automatically cancelled and be of no effect on and from the Effective Date.

11.5 Upon the coming into effect of this Scheme, SRHPL shall record the assets and liabilities of the SEHPL Undertaking vested in it pursuant to the Scheme, at their respective book values as appearing in the books of SEHPL, at the close of business of the day immediately preceding the First Merger Appointed Date.

11.6 Upon the First Merger becoming effective, SEHPL shall, without any further act or deed, stand dissolved without winding up.

Second Merger

11.7 The Second Merger shall come into legal operation from the Second Merger Appointed Date and shall be effective from the Effective Date.

11.8 Pursuant to the Scheme, the Consolidated SRHPL Undertaking (as defined in the Scheme), comprising all of the assets and liabilities of SRHPL, as it will stand after coming into effect of the First Merger, shall be transferred to the Applicant Company as a going concern so as to become as and from the Second Merger Appointed Date the assets and liabilities of the Applicant Company and to vest in the Applicant Company all the rights, title, interest or obligations of the Consolidated SRHPL Undertaking therein.

11.9 Upon the Scheme coming into effect, the investment in equity share capital of the Applicant Company as appearing in the books of account of Consolidated SRHPL, as on the Effective Date, shall stand cancelled. The cancellation shall be effected as an integral part of the Scheme. Accordingly, the issued, subscribed and paid-up equity share capital of the Applicant Company shall be reduced by an amount equal to the face value of equity shares of ₹ 10 (Rupees ten) each fully paid-up held by Consolidated SRHPL in the Applicant Company as of the Effective Date.

11.10 In consideration of the amalgamation of Consolidated SRHPL Undertaking into the Applicant Company pursuant to this Scheme, the Applicant Company shall, without any further act or deed and without any further payment, issue and allot equity shares of ₹ 10 each ("**New Equity Shares on Amalgamation**") to each member of Consolidated SRHPL whose name is recorded in the register of members of Consolidated SRHPL as holding equity shares on the Specified Date (as defined in the Scheme) in the ratio of 413:69 i.e. 413 equity shares of ₹ 10 each fully paid-up of the Applicant Company to be issued for every 69 equity shares of ₹ 10 each fully paid-up of Consolidated SRHPL, held by the member ("**Swap Ratio**").

11.11 The aforesaid Swap Ratio shall be suitably adjusted for any changes arising upto the close of business on the day preceding the Effective Date due to changes in Consolidated SRHPL's shareholding in SCUF, whether by means of a fresh issue of shares, bonus issue, split of shares, consolidation of shares, or any other corporate action, acquisition/ divestment of SCUF shares and for changes in cash and cash equivalents of Consolidated SRHPL due to net income (including net income from reinvestment of such income) received by Consolidated SRHPL from its existing assets (or reinvestments) considered for valuation by valuers in their report dated October 30, 2012. All such adjustments to the Swap Ratio shall be deemed to be carried out as an integral part of this Scheme, and the resultant share exchange ratio shall be adopted in Clause 11.10 without any further act or deed, upon agreement in writing by both SRHPL and SCUF on the day prior to the Effective Date.

11.12 The New Equity Shares to be issued and allotted pursuant to Clause 11.10 shall in all respects, rank *pari passu* with the existing equity shares of the Applicant Company.

11.13 The New Equity Shares issued shall, subject to the provisions of the Listing Agreement and payment of the appropriate fee, be listed on the stock exchanges where the shares of the Applicant Company are listed. The Applicant Company would obtain such approvals as may be necessary for the aforesaid listing on recognized stock exchange(s) by making suitable applications in this regard.

11.14 Upon the Scheme becoming effective, the Applicant Company shall record the assets (other than the equity shares of the Applicant Company held by Consolidated SRHPL, which shall be cancelled pursuant to Clause 11.9) and liabilities of Consolidated SRHPL vested in it pursuant to the Scheme, at fair values, in accordance with Accounting Standard – 14, notified under Companies (Accounting Standards Rules), 2006 (as amended); referred in Section 211(3C) of the Act.

11.15 Upon the Second Merger becoming effective, Consolidated SRHPL shall, without any further act or deed, stand dissolved without winding up.

Other provisions applicable on both mergers

11.16 All legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) of whatsoever nature by or against the Transferor Company under any statute, pending and/ or arising before the Effective Date 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 the Transferee Company, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.

11.17 The Transferor Company shall not make any change in its capital structure (by way of issue of bonus shares, convertible debentures, detachable warrants, equity or preference shares, options and calls, fresh issue of rights shares, secured premium notes, zero interest bonds, or any other instruments of raising capital) through any increase, decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner, without the express written consent of the Board of Directors or duly authorized representatives of the Transferee Company.

Secured Creditors are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. That which are stated hereinabove are brief salient features of the Scheme.

12. **General**

12.1 The rights and interests of the members and the creditors (secured and unsecured) of SEHPL, SRHPL and the Applicant Company will not be adversely affected by the Scheme.

12.2 The Swap Ratio for the issue of equity shares of the Applicant Company to the equity shareholders of SRHPL has been arrived at based on the recommendations of Grant Thornton India LLP, Mumbai who have submitted a valuation report dated October 30, 2012 containing their recommendations including the Swap Ratio.

12.3 The Applicant Company has also sought and obtained a fairness opinion from Kotak Mahindra Capital Company Limited, Mumbai, a Category I Merchant Banker on the valuation carried out by Grant Thornton India LLP, Mumbai. The said Merchant Banker after reviewing the methodology and fairness of the valuation arrived at by the valuer has opined that the valuation carried out by the valuer, and the Swap Ratio recommended, are fair. A fairness opinion dated October 31, 2012 to this effect was issued by Kotak Mahindra Capital Company Limited, Mumbai, based on various assumptions and considerations and is available for inspection and should be read in its entirety for information regarding the assumptions made and factors considered in rendering such an opinion.

12.4 The Board of Directors of the Applicant Company and SRHPL have, based on and relying upon the aforesaid valuation report and fairness opinion, and on the basis of their independent evaluation and judgment, come to the conclusion that the proposed Swap Ratio is fair and reasonable to the shareholders of the Applicant Company and SRHPL and have consequently accepted the said suggested Swap Ratio.

12.5 No employee of the consolidated SRHPL shall be transferred to the Applicant Company as Consolidated SRHPL has no employees.

12.6 As of December 31, 2012, the number of outstanding Non Convertible Secured Debentures ("NCSD") of the Applicant Company is 3,45,70,966 (Three crores forty five lakhs seventy thousand nine hundred and sixty-six), including 1,18,36,014 (One crore eighteen lakhs thirty six thousand and fourteen) NCSD issued to public and 2,27,34,952 (Two crores twenty seven lakhs thirty four thousand nine hundred and fifty two) NCSD issued through private placements.

12.7 The NCSD issued to public are of the face value ₹ 1,000 (Rupees One Thousand) each and are listed on the Debt Market Segment of BSE and NSE.

12.8 The privately placed NCSD consist of 10,000 (Ten thousand) NCSD of face value of ₹ 1,00,000 (Rupees One Lakhs) each and 6,928 (Six thousand nine hundred and twenty eight) NCSD of face value of ₹ 10,00,000 (Rupees Ten lakhs) each issued to institutional holders, and 2,27,18,024 (Two crores twenty seven lakhs eighteen thousand and twenty four) NCSD of face value of ₹ 1,000 (Rupees One thousand) each issued to retail investors. In case of NCSD issued to the institutional holders, all NCSD are listed on Debt segment of BSE. Further, NCSD issued to retail investors are not listed on any stock exchange.

12.9 The Scheme would not adversely affect the interests of the creditors (secured and unsecured) of any company. The audited accounts for the year ended March 31, 2012 and the provisional balance sheet as on December 31, 2012 of SRHPL and SEHPL, and audited accounts for the year ended March 31, 2012 and the unaudited financial results for the period ended December 31, 2012 of the Applicant Company, indicate that they are in a solvent position and

would be able to meet the liabilities as they arise in the course of business. Hence, the arrangement embodied in the Scheme will not cast any additional burden on the shareholders of any company, nor will it affect the interest of any of the shareholders or creditors.

12.10 There are no common directors on the boards of SRHPL and the Applicant Company. Further, Mr D. V. Ravi is a common director on the boards of SRHPL and SEHPL as of December 31, 2012.

12.11 The directors of SEHPL, SRHPL and the Applicant Company may be deemed to be concerned or interested in the Scheme to the extent of their shareholding or crossholding in SRHPL and the Applicant Company, as provided hereunder (as per the Register of Directors' Shareholding maintained by SEHPL, SRHPL and the Applicant Company) or to the extent the said Directors are common directors in the companies, or to the extent the said Directors are partners, directors, members of the companies, firms, association of persons, bodies corporate and/ or beneficiary of trust that hold shares in any of the companies, or to the extent they may be allotted shares in the Applicant Company as a result of the Scheme. The shareholding/ crossholding of Directors in SRHPL, SEHPL and the Applicant Company as of December 31, 2012 have been provided below:

SCUF

Name of director	Shares held in SCUF	Shares held in SRHPL
Arun Duggal	Nil	Nil
R. Duruvasan	Nil	Nil
G.S. Sundararajan	Nil	Nil
S. Krishnamurthy	Nil	Nil
Pranab Prakash Pattanayak	Nil	Nil
Puneet Bhatia	Nil	Nil
Ranvir Dewan	Nil	Nil
Sunil Varma	Nil	Nil
Vipen Kapur	Nil	Nil
Venkataraman Murali	Nil	Nil
Lakshmi Pranesh	Nil	Nil

SRHPL

Name of director	Shares held in SCUF	Shares held in SRHPL
D. V. Ravi	Nil	Nil
Akhila Srinivasan	Nil	Nil

SEHPL

Name of director	Shares held in SCUF	Shares held in SRHPL
D. V. Ravi	Nil	Nil
S. Murali	195	Nil
R Chandrasekar	Nil	Nil

12.12 Pre & Post (expected) shareholding of the Applicant Company is as under:

The pre arrangement shareholding pattern of the Applicant Company as of December 31, 2012:

S No	Category of shareholder	Applicant Company	
		Number of shares	% holding
(A)	**Promoter and promoter group**		
1	**Indian**		
	Individuals/Hindu undivided families	-	-
	Bodies corporate	2,89,10,571	55.03
	Any trust (any other)	-	-
	Sub-total (A)	**2,89,10,571**	**55.03**
(B)	**Public shareholding**		
1	Institutions		
A	Mutual funds/ UTI	29,47,139	5.61
B	Financial institutions/ Banks	1,00,125	0.19
C	Insurance companies	-	-
D	Foreign institutional investors	1,31,77,798	25.08
	Sub-total (B)	**1,62,25,062**	**30.88**
2	Non-institutions		
A	Bodies corporate	1,66,320	0.31
B	Individuals	12,06,833	2.30
C	Any other	60,30,115	11.48
	Sub-total (C)	**74,03,268**	**14.09**
	Total (A) + (B) + (C)	**5,25,38,901**	**100.00**

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Post arrangement (expected) shareholding pattern of the Applicant Company, based on its shareholding pattern as of December 31, 2012 and as adjusted by the number of shares supposed to be issued under the Scheme, would be as under:

S No	Category of shareholder	Applicant Company	
		Number of shares	% holding
(A)	**Promoter and promoter group**		
1	**Indian**		
	Individuals/Hindu undivided families	-	-
	Bodies corporate	1,61,02,622	30.39
	Any trust (any other)	-	-
	Sub-total (A)	**1,61,02,622**	**30.39**
(B)	**Public shareholding**		
1	Institutions		
A	Mutual funds/ UTI	29,47,139	5.56
B	Financial institutions/ banks	1,00,125	0.18
C	Insurance companies	-	-
D	Foreign institutional investors	1,31,77,798	24.87
	Sub-Total (B)	**1,62,25,062**	**30.61**
2	Non-institutions		
A	Bodies corporate	1,34,27,660	25.34
B	Individuals	12,06,833	2.28
C	Any other	60,30,115	11.38
	Sub-total (C)	**2,06,64,608**	**39.00**
	Total (A) + (B) + (C)	**5,29,92,292**	**100.00**

12.13 Pre & Post (expected) Scheme Capital Structure of the Applicant Company is as under

Pre Scheme Capital Structure as of December 31, 2012

PARTICULARS	AMOUNT (₹)
AUTHORISED CAPITAL	
10,00,00,000 equity shares of ₹ 10 each	100,00,00,000
40,00,000 cumulative preference shares of ₹ 100 each	40,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
5,25,38,901 equity shares of ₹ 10 each	52,53,89,010
TOTAL	**52,53,89,010**

Post arrangement (expected) capital structure of the Applicant Company based on its capital structure as of December 31, 2012 and as adjusted by the number of shares supposed to be issued under the Scheme, would be as under:

PARTICULARS	AMOUNT (₹)
AUTHORISED CAPITAL	
10,00,00,000 equity shares of ₹ 10 each	100,00,00,000
40,00,000 cumulative preference shares of ₹ 100 each	40,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
5,29,92,292 equity shares of ₹ 10 each	52,99,22,920
TOTAL	**52,99,22,920**

12.14 The BSE, NSE and MSE have given their approval to the Scheme under Clause 24(f) of the Listing Agreement vide letters dated December 5, 2012, December 5, 2012 and December 4, 2012 respectively.

12.15 The Competition Commission of India has approved the Scheme vide its letter dated December 11, 2012.

12.16 The Scheme does not in any way violate or override or circumscribe the provisions of the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts and the provisions of the Listing Agreement or the requirements of the Stock Exchanges where the equity shares of the Applicant Company are listed.

12.17 There are no investigation proceedings pending under Sections 235 to 251 of the Companies Act, 1956 against SRHPL, SEHPL or the Applicant Company.

12.18 Under Section 391 of the Companies Act, 1956, the proposed Scheme will have to be approved by a majority in number representing three-fourths in value of the secured creditors present and voting either in person or by proxy at the meeting. A proxy form is enclosed. It is hoped that in view of the importance of the business to be transacted, you will personally attend the meeting. The signing of the form or forms of proxy will, however, not prevent you from attending and voting in person, if you so desire.

12.19 On the Scheme being approved as per the requirements of Section 391 of the Companies Act, 1956, the Applicant Company will seek the sanction of the High Court to the Scheme.

13. Inspection

The following documents will be available for inspection at the registered office of the Applicant Company on any working day from 10 AM to 12 noon till the date of the meeting.

(a) Certified copy of the Order of the Hon'ble High Court of Judicature at Madras dated January 28, 2013, in the above company application (Company Application No. 71 of 2013) directing the convening of the meeting of the secured creditors

(b) Memorandum and Articles of Association of SRHPL, SEHPL and the Applicant Company

(c) Audited Balance Sheet and Profit and Loss Account for the year ended March 31, 2012 of SRHPL, SEHPL and the Applicant Company; Provisional Balance Sheet of SRHPL and SEHPL as on December 31, 2012 and financial results of the Applicant Company for the period ended December 31, 2012.

(d) Composite Scheme of Arrangement.

(e) Register of Directors' shareholdings of the Applicant Company

(f) Copy of the Board resolutions dated October 31, 2012 passed by SRHPL, SEHPL and the Applicant Company approving the proposed Scheme

(g) Copy of the 'No-objection' letters received from the BSE Limited, National Stock Exchange Limited and Madras Stock Exchange Limited pursuant to clause 24(f) of the Listing Agreement.

(h) Copy of the order of Competition Commission of India dated December 11, 2012

(i) Copy of valuation report dated October 30, 2012 on share exchange ratio proposed in the Scheme, as issued by Grant Thornton India LLP, Mumbai

(j) Copy of fairness opinion dated October 31, 2012 issued by Kotak Mahindra Capital Company Limited.

For Shriram City Union Finance Limited

Sd/-
Authorized Signatory

Dated at Chennai this 21st day of February, 2013

Registered office **:** 123, Angappa Naicken Street, Chennai - 600 001, Tamil Nadu
Email **:** sect@shriramcity.in

FAIRNESS OPINION

October 31, 2012

Shriram City Union Finance Limited
123, Angappa Naicken Street
Chennai - 600 001

Dear Sirs,

Sub: Proposed Composite Scheme of Arrangement ("Scheme") between Shriram Retail Holdings Private Limited ("SRHPL") and Shriram Enterprise Holdings Private Limited ("SEHPL") and Shriram City Union Finance Limited ("SCUF" or the "Company") ("Proposed Transaction")

The Company has requested us to issue a fairness opinion ("Opinion") from a financial point of view of the Exchange Ratio (as defined below) in relation to the Proposed Transaction.

In arriving at our Opinion, we have reviewed historical financial and business information and listed stock price data. We have also reviewed certain publicly available information, and have taken into account such other matters as we deemed necessary including our assessment of general economic, market and monetary conditions. We have also reviewed the valuation report issued to SCUF and SRHPL by Grant Thornton dated October 30, 2012 for the share exchange ratio being recommended as 413 fully paid equity shares of SCUF of face value of Rs. 10/- per share for every 69 shares of SRHPL of face value ₹ 10/- per share (the "Exchange Ratio").

In addition to above, we have had discussions with members of the management of SCUF, SRHPL and SEHPL on the past and current business operations of the concerned businesses and have received a management representation letter from SCUF, SRHPL and SEHPL dated October 30, 2012 ("Management Representation Letters").

Further, we have had discussions with Grant Thornton, the valuation advisor, on such matters which we believed were necessary or appropriate for the purpose of issuing this Opinion.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed good and marketable and we would urge SCUF, SRHPL and SEHPL to carry out an independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment.

In giving our Opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of all information supplied or otherwise made available to us either in oral or written form, discussed with or reviewed by or for us, or publicly available. We have been given to understand that all material information that was relevant for the purpose of our exercise was disclosed to us. We have not conducted any evaluation or appraisal of any assets or liabilities of SCUF, SRHPL or SEHPL nor have we evaluated the solvency or fair value of SCUF, SRHPL or SEHPL, under any laws relating to bankruptcy, insolvency or similar matters. In addition, we have not assumed any obligation to conduct

any physical inspection of the properties or facilities of SCUF or SRHPL or SEHPL. We have also assumed that the final Scheme of Arrangement will be substantially the same as the scheme discussed with and reviewed by us.

Our Opinion does not factor overall economic environment risk and other risks and is purely based on the information and representations provided to us. We have not assumed the risk of any material adverse change having an impact on the businesses of SCUF, SRHPL or SEHPL in arriving at our final Opinion.

We express no view as to, and our Opinion does not address, the underlying business decision of SCUF, SRHPL and SEHPL to effect the Proposed Transaction or the merits of the Proposed Transaction. Our Opinion does not constitute a recommendation to any shareholder or creditor of SCUF, SRHPL or SEHPL as to how such shareholder or creditor should vote on the Proposed Transaction or any matter related thereto. In addition, this Opinion does not address the fairness to, or any other consideration, to the creditors or other constituencies of SCUF, SRHPL and SEHPL. Our opinion, as set forth herein relates to the relative values of SCUF, SRHPL and SEHPL. We are not expressing any opinion herein as to the prices at which the shares of SCUF, SRHPL and SEHPL will trade following the announcement or consummation of the proposed transaction or as to the prices at which the shares of SCUF, SRHPL and SEHPL may be transacted.

Our Opinion is not and does not purport to be an appraisal or otherwise reflective of the prices at which any business or securities actually could be ideally bought or sold by any party and are not indicative of actual value or actual future results that might be achieved, which value may be higher or lower than those indicated.

Our Opinion is necessarily based on financial, economic, market and other conditions as in effect on the date of this issuing the Opinion, and the information made available to us as of, the date hereof, including the capital structure of SCUF, SRHPL or SEHPL. It should be understood that subsequent developments may affect this Opinion and that we do not have any obligation to update, revise, or reaffirm this Opinion. Our scope does not extend to review of any subsequent modification of Exchange Ratio, pursuant to the Scheme or otherwise.

We will receive a fee for our services in connection with the delivery of this Opinion from SCUF. In addition, SCUF has agreed to indemnify us for certain potential liabilities arising out of our Engagement Letter dated October 27, 2012.

We and our affiliates in the past have provided, and currently provide, services to SCUF, SRHPL and SEHPL for which services we and such affiliates have received and expect to receive compensation, including, without limitation as lenders and creditors and as financial advisors for the purchase/sale of assets/businesses by/to SCUF, SRHPL and SEHPL (as the case may be) and as lead managers/ underwriters in securities offerings of SCUF, SRHPL and SEHPL.

In the ordinary course of business, we and our affiliates may actively trade or hold securities of companies that may be the subject matter of this transaction for our own account or for the account of our customers and, accordingly, may at any time hold long or short position in such securities. In addition, we and our affiliates maintain relationships with SCUF, SRHPL and SEHPL and their respective affiliates.

This Opinion is provided solely for the benefit of the Board of Directors of SCUF, and shall not confer rights or remedies upon, any shareholder of SCUF, or any other person other than the members of the Board of Directors of SCUF, or be used for any other purpose. This Opinion may not be used or relied upon by nor is it issued for the benefit of any third party including shareholders for any purpose whatsoever or disclosed, referred to or communicated by you (in whole or in part) except with our prior written consent in each instance. Provided however, this opinion may only be disclosed as may be required under any applicable law in India and may be kept open for inspection by shareholders of SCUF, but we take no responsibility or liability for or arising out of any such disclosure. We specifically disclaim any responsibility to any third party to whom this Opinion may be shown or who may acquire a copy of this Opinion.

The laws of India govern all matters arising out of or relating to this Opinion (including, without limitation, its interpretation, construction, performance, and enforcement).

With respect to any suit, action or any other proceedings relating to this Opinion the courts of competent jurisdiction at India shall have exclusive jurisdiction.

On the basis of and subject to the foregoing, it is our view that, as of the date hereof, the proposed Exchange Ratio is fair from a financial point of view.

Yours faithfully,
For **Kotak Mahindra Capital Company Limited**

Sd/-	**Sd/-**
Name: Ritesh Desai	**Name: Kaushal Shah**
Authorized Signatory	**Authorized Signatory**

COMPOSITE SCHEME OF ARRANGEMENT

BETWEEN

SHRIRAM RETAIL HOLDINGS PRIVATE LIMITED

AND

SHRIRAM ENTERPRISE HOLDINGS PRIVATE LIMITED

AND

SHRIRAM CITY UNION FINANCE LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

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

PREAMBLE

A. BACKGROUND AND DESCRIPTION OF COMPANIES

a. Shriram City Union Finance Limited ("**SCUF**"), a listed company, is a financial services company, specializing in retail finance. It is a Non Banking Finance Company which has a comprehensive range of offerings comprising of vehicle finance, personal loans, small business loans and loans against gold.

b. Shriram Retail Holdings Private Limited ("**SRHPL**"), an unlisted company, is a promoter of SCUF holding 50.67% equity shareholding in SCUF as of September 30, 2012. SRHPL's equity share capital as of September 30, 2012 is held by Shriram Capital Limited ("SCL") (51%) and TPG India Investments I, Inc (49%).

c. Shriram Enterprise Holdings Private Limited ("**SEHPL**"), an unlisted company, is a wholly owned subsidiary of SRHPL and is a promoter of SCUF.

B. PURPOSE OF THE SCHEME OF ARRANGEMENT

This Composite Scheme of Arrangement ("**Scheme**") is presented under Section 391 read with Section 394 and Sections 100 to 103, and other applicable provisions, if any, of the Companies Act, 1956 ("**Act**") for:

a. Amalgamation of SEHPL Undertaking (as defined hereinafter under Clause 1.14) into SRHPL with effect from April 1, 2012, pursuant to the provisions of the Act and this Scheme (hereinafter referred to as **"First Merger"**); and

b. Amalgamation of Consolidated SRHPL Undertaking (as defined hereinafter under Clause 1.5) into SCUF (hereinafter referred to as **"Second Merger"**) on and from the Effective Date.

This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

C. RATIONALE OF THE SCHEME

The Scheme is being undertaken to, *inter alia*, reduce shareholding tiers, optimize administrative costs and enable the shareholders of SRHPL to hold equity shares directly in SCUF.

D. OVERVIEW OF SCHEME

With the aforesaid objectives, the Scheme is organized as follows:

Section A: General
Section B: Amalgamation of SEHPL into SRHPL
Section C: Amalgamation of Consolidated SRHPL into SCUF
Section D: Other provisions

SECTION A: GENERAL

1. DEFINITIONS

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

1.1 **"Act"** means the Companies Act, 1956 or any statutory modification or re-enactment thereof.

1.2 **"Companies"** shall mean collectively the companies that are party to this Scheme, being SRHPL, SEHPL and SCUF; and the term **"Company"** shall refer to any one of the said companies, as the context may require.

1.3 **"Composite Scheme of Arrangement"** or **"this Scheme"** or **"the Scheme"** means this composite scheme of arrangement in its present form or with any modifications made under Clause 27 of the Scheme.

1.4 **"Consolidated SRHPL"** means SRHPL as stands on the Effective Date consequent to the First Merger of SEHPL Undertaking into SRHPL as per this Scheme.

1.5 **"Consolidated SRHPL Undertaking"** shall mean and include the whole of the undertaking of SRHPL (including SEHPL Undertaking as vested with SRHPL pursuant to First Merger) on the Effective Date, as a going concern, including all secured and unsecured debts, liabilities, contingent liabilities, duties and obligations, and all the property of SRHPL including its assets, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to fixed assets, current assets, investments, mutual funds, leases, licenses, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, employees, benefits of agreements, contracts and arrangements, approvals, certifications, balances with all regulatory authorities, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, funds, cash, bank balances, accounts and all other rights, claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or held for the benefit of or enjoyed by SRHPL.

It is hereby clarified that Consolidated SRHPL Undertaking shall include SEHPL Undertaking, as stands on the First Merger Appointed Date, acquired by SRHPL consequent to the First Merger of SEHPL into SRHPL as per this Scheme.

It is intended that the definition of Consolidated SRHPL Undertaking under this Clause would enable the transfer of all property, assets, liabilities, employees of SRHPL, as stands on Effective Date, to SCUF pursuant to this Scheme.

1.6 **"Effective Date"** means the last of the dates on which all the conditions and matters referred to

in Clause 25 hereof have been fulfilled. References in this Scheme to the date of "coming into effect of this Scheme" or "upon the Scheme becoming effective" shall mean the Effective Date.

1.7 **"First Merger"** shall have such meaning as given under Recital B of this Scheme.

1.8 **"First Merger Appointed Date"** means the first day of April, 2012, or such other date as may be fixed by the Hon'ble High Court for the First Merger of the SEHPL Undertaking into SRHPL.

1.9 **"High Court"** shall mean the High Court of Judicature at Madras.

1.10 **"SCUF"** means Shriram City Union Finance Limited, a company incorporated under the Act and having its registered office at 123, Angappa Naicken Street, Chennai - 600 001.

1.11 **"Second Merger"** shall have such meaning as given under Recital B of this Scheme.

1.12 **"Second Merger Appointed Date"** shall mean the date being the Effective Date.

1.13 **"SEHPL"** means Shriram Enterprise Holdings Private Limited, a company incorporated under the Act and having its registered office at Shriram House, No. 4, Burkit Road, T.Nagar, Chennai – 600017. At the time of approval of the Scheme by the Board of Directors, the registered office of SEHPL was at Mookambika Complex, IV floor, No.4, Lady Desika Road, Mylapore, Chennai - 600004.

1.14 **"SEHPL Undertaking"** shall mean and include the whole of the undertaking of SEHPL on the First Merger Appointed Date, as a going concern, including all secured and unsecured debts, liabilities, contingent liabilities, duties and obligations, and all the property of SEHPL including its assets, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to fixed assets, current assets, investments, mutual funds, leases, licenses, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, employees, benefits of agreements, contracts and arrangements, approvals, certifications, balances with all regulatory authorities, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, funds, cash, bank balances, accounts and all other rights, claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or held for the benefit of or enjoyed by SEHPL.

It is intended that the definition of SEHPL Undertaking under this Clause would enable the transfer of all property, assets, investments, liabilities, employees of SEHPL as stands on the First Merger Appointed Date to SRHPL pursuant to this Scheme.

1.15 **"Specified Date"** means the date to be fixed by the Board of Directors, or a committee thereof, of SCUF for the purpose of determining the respective members of SRHPL to whom shares will be allotted pursuant to Clause 14.2 of this Scheme.

1.16 **"SRHPL"** means Shriram Retail Holdings Private Limited, a company incorporated under the Act and having its registered office at Shriram House, No. 4, Burkit Road, T.Nagar, Chennai – 600017. At the time of approval of the Scheme by the Board of Directors, the registered office of SEHPL was at Mookambika Complex, II floor, No.4, Lady Desika Road, Mylapore, Chennai - 600004.

1.17 **"Transferee Company"** means:

- in case of First Merger, SRHPL; and
- in case of Second Merger, SCUF.

1.18 **"Transferor Company"** means:

- in case of First Merger, SEHPL; and
- in case of Second Merger, Consolidated SRHPL.

2. EXPRESSIONS NOT DEFINED IN THIS SCHEME

The expressions which are used in this Scheme and not defined in this Scheme, shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be, or any statutory modification of re-enactment thereof from time to time. In particular, wherever reference is made to High Court(s) in the Scheme, the reference would include, if appropriate, reference to the National Company Law Tribunal or such other forum or authority as may be vested with the powers of the Hon'ble High Court under the Act.

3. SHARE CAPITAL

(i) The authorized, issued, subscribed and paid up capital of SRHPL as on September 30, 2012 is as follows:

PARTICULARS	AMOUNT (₹)
AUTHORISED CAPITAL	
65,00,000 equity shares of ₹ 10 each	6,50,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
45,21,582 equity shares of ₹ 10 each	4,52,15,820

(ii) The authorized, issued, subscribed and paid up capital of SEHPL as on September 30, 2012 is as follows:

PARTICULARS	AMOUNT (₹)
AUTHORISED CAPITAL	
12,00,000 equity shares of ₹ 100 each	12,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
10,00,000 equity shares of ₹ 100 each	10,00,00,000

(iii) The authorized, issued, subscribed and paid up capital of SCUF as on September 30, 2012 is as follows:

PARTICULARS	AMOUNT (₹)
AUTHORISED CAPITAL	
10,00,00,000 equity shares of ₹ 10 each	100,00,00,000
40,00,000 cumulative preference shares of ₹ 100 each	40,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
5,25,13,601 equity shares of ₹ 10 each	52,51,36,010

The equity shares of SCUF are listed on BSE Limited, National Stock Exchange of India Limited and Madras Stock Exchange Limited. SCL holds 59,00,000 warrants in SCUF convertible into equivalent number of equity shares on or before September 26, 2013.

Notwithstanding anything else contained in this Scheme, during the pendency of the Scheme, SCUF is expressly authorized to raise capital for the purpose of fuelling its growth or any other purpose, in any manner as considered suitable by the Board of Directors of SCUF, whether by means of rights issue, preferential issue, public issue, employee stock option scheme, or any other manner whatsoever. Further, such funds may be raised by means of any instrument considered suitable by the Board of Directors of SCUF, including equity/ equity linked instruments, convertible/ non convertible bonds, debentures, debt, depository receipts etc.

4. COMPLIANCE WITH TAX LAW

This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under the tax laws, including Section 2(1B) of the Income Tax Act, 1961 and other relevant Sections (including Section 47) of the Income Tax Act, 1961, which include the following:

a. all the property of the amalgamating company or companies immediately before the amalgamation becomes the property of the amalgamated company by virtue of the amalgamation;

b. all the liabilities of the amalgamating company or companies immediately before the amalgamation become the liabilities of the amalgamated company by virtue of the amalgamation; and

c. shareholders holding not less than three-fourths in value of the shares in the amalgamating company or companies (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the amalgamated company or its subsidiary) become shareholders of the amalgamated company by virtue of the amalgamation, otherwise than as a result of the acquisition of the property of one company by the other company pursuant to the purchase of such property by the other company or as a result of the distribution of such property to the other company after the winding up of the first mentioned company

and other relevant Sections (including Section 47) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or substitution of Income Tax Act, 1961 with any other statute/ code/ norms or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. Notwithstanding the other provisions of this Scheme, the power to make such amendments as may become necessary shall vest with the Board of Directors of SCUF or its authorized representatives, which power shall be exercised reasonably in the best interests of the companies and their stakeholders, and which power can be exercised at any time, whether before or after the Effective Date.

SECTION B: AMALGAMATION OF SEHPL INTO SRHPL

PART 1
AMALGAMATION AND VESTING OF THE SEHPL UNDERTAKING INTO SRHPL

5. DATE OF TAKING EFFECT AND OPERATIVE DATE

The First Merger shall come into legal operation from the First Merger Appointed Date, though it shall be effective from the Effective Date.

6. TRANSFER OF SEHPL UNDERTAKING

6.1 Upon the Effective Date, the SEHPL Undertaking, comprising all assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, including any statutory re-enactments thereof, without any further act or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in SRHPL as a going concern so as to become as and from the First Merger Appointed Date the assets and liabilities of SRHPL and to vest in SRHPL all the rights, title, interests or obligations of SEHPL Undertaking therein. As regards transfer of specified movable assets, Clauses 6.2.1 and 6.2.2 below provide for the physical mode of effecting transfer.

6.2 Without prejudice to the generality of the foregoing, with effect from the First Merger Appointed Date:

6.2.1 Any and all movable assets including investments, cash in hand or incorporeal property, if any, of SEHPL Undertaking, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, by actual or constructive delivery, as the case may be, to SRHPL without any further act, instrument or deed, and shall upon such transfer become the property and an integral part of SRHPL. Such delivery shall be made within thirty days from the Effective Date.

6.2.2 In respect of movables other than those specified in Clause 6.2.1 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances, deposits and balances, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, it shall not be necessary to obtain the consent of any third party or other person in order to give effect to the provisions of this Scheme, and such transfer shall be automatically effected, or in any manner as may be mutually agreed by SRHPL and SEHPL, from the Effective Date.

6.2.3 Any and all immovable properties, if any, owned or held by SEHPL, and any documents of title, rights and easements, if any, held by SEHPL thereto shall without any further act, instrument or deed be transferred to and/ or vested in and/ or be deemed to have been transferred to and vested in SRHPL and shall belong to SRHPL.

6.2.4 Any and all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of SEHPL Undertaking shall also, under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to SRHPL so as to become the debts, liabilities, contingent liabilities, duties and obligations of SRHPL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.

6.2.5 Any and all bank accounts of SEHPL shall be transferred to and continued to be operated as the bank accounts of SRHPL and till such time the names of the bank accounts of SEHPL are replaced with that of SRHPL, SRHPL shall be entitled to give instructions and operate the bank accounts of SEHPL in the name of SEHPL, in so far as may be necessary.

6.3 The transfer and vesting of the SEHPL Undertaking as aforesaid shall be subject to the existing securities, hypothecation, charges and mortgages, if any, subsisting over or in respect of the property and assets or any part thereof of SEHPL.

6.4 Loans or other obligations, if any, due between or amongst the SEHPL Undertaking and SRHPL as on the Effective Date shall stand discharged and there shall be no liability/ obligation in that behalf.

6.5 Where any of the liabilities and obligations of SEHPL as on the First Merger Appointed Date, deemed to be transferred to SRHPL, have been discharged by SEHPL after the First Merger Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of SRHPL, and all loans raised and used and all liabilities and obligations incurred by SEHPL for the operations of the SEHPL Undertaking after the First Merger Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of SRHPL and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to SRHPL and shall become its liabilities and obligations.

For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that in accordance with the provisions of relevant laws, consents, permissions, licenses, registrations, certificates, authorities, powers of attorneys given by, issued to or executed in favour of SEHPL, and the rights and benefits under the same and all other interests of the SEHPL Undertaking, be without any further act or deed, be transferred to and vested in SRHPL.

6.6 For the avoidance of doubt, it is clarified that all rights and benefits of SRHPL under its approvals, titles, consents, permissions, licenses, registrations, certificates, authorities, powers of attorneys etc. and all certifications and approvals, trademarks, licenses, patents and domain names, copyrights and other intellectual property and all other interests shall remain preserved and in full force and effect without any further act, instrument or deed and shall not be adversely affected in any manner on account of this Scheme or any consequential steps.

7. CONDUCT OF BUSINESS TILL FIRST MERGER COMES INTO EFFECT

7.1 For the avoidance of doubt and without prejudice to the generality of the foregoing and Section D of this Scheme, it is clarified that upon the coming into effect of this Scheme, any transaction involving transfer of any assets between SEHPL and SRHPL, between the First Merger Appointed Date and up to and including the Effective Date, whether by way of sale or otherwise, with or without consideration, shall not be considered as a transfer between two distinct legal entities, as the ownership of all such assets would legally vest with SRHPL with effect from the First Merger Appointed Date.

7.2 With effect from the First Merger Appointed Date and up to and including the Effective Date, all incomes arising or accruing in favor of SEHPL, and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax credit, dividend distribution tax, securities transaction tax, etc) or losses arising or incurred by SEHPL shall, for all purposes, be treated as deemed to be the income, taxes or losses, as the case may be, of SRHPL.

8. DISSOLUTION OF SEHPL

Upon the First Merger becoming effective, SEHPL shall, without any further act or deed, stand dissolved without winding up.

PART 2
CONSIDERATION AND ACCOUNTING TREATMENT

9. CONSIDERATION

9.1 Upon First Merger becoming effective, and in consideration of the transfer of the SEHPL Undertaking, SRHPL shall not be required to issue and allot equity shares since SEHPL is a wholly owned subsidiary of SRHPL.

9.2 The shares or the share certificates of SEHPL in relation to the shares held by SRHPL shall, without any further application, act, instrument, deed, be deemed to have been automatically cancelled and be of no effect on and from the Effective Date.

10. ACCOUNTING TREATMENT

10.1 Upon the Scheme becoming effective, SRHPL shall record the assets and liabilities of the SEHPL Undertaking vested in it pursuant to the Scheme, at their respective book values as appearing in the books of SEHPL, at the close of business of the day immediately preceding the First Merger Appointed Date.

10.2 To the extent that there are inter-corporate loans or balances, dues between SEHPL and SRHPL, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of account and records of SRHPL for the reduction of any assets or liabilities, as the case may be.

10.3 Upon the Scheme becoming effective, any inter-company investment in the books of SRHPL, representing investments in the equity shares of SEHPL will stand cancelled and no shares or other consideration shall be discharged by SRHPL in respect of such cancelled shares of SEHPL.

10.3.1 SRHPL shall credit to its Capital Reserve to the extent of aggregate of book value of assets of SEHPL Undertaking over aggregate of (a) book value of the liabilities of SEHPL Undertaking vested in SRHPL pursuant to this Scheme and as recorded in the books of account of SRHPL and (b) book value of investment in SEHPL cancelled under Clause 10.3.

In the event the result of the above is negative, a “Goodwill” account shall be created in the books of accounts of SRHPL. Such Goodwill shall be amortized over a period not exceeding five years, in accordance with Accounting Standard – 14, notified under Companies (Accounting Standards Rules), 2006 (as amended); referred in Section 211(3C) of the Act.

10.4 Notwithstanding the above, the Board of Directors of SRHPL, in consultation with its Statutory Auditors, is authorized to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the prescribed Accounting Standards issued by The Institute of Chartered Accountants of India and generally accepted accounting principles.

SECTION C: AMALGAMATION OF CONSOLIDATED SRHPL INTO SCUF

PART 1
AMALGAMATION AND VESTING OF CONSOLIDATED SRHPL UNDERTAKING INTO SCUF

11. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Second Merger shall come into legal operation from the Second Merger Appointed Date and shall be effective from the Effective Date.

12. TRANSFER OF CONSOLIDATED SRHPL UNDERTAKING

12.1 Upon the Effective Date, the Consolidated SRHPL Undertaking, comprising all assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, including any statutory re-enactments thereof, without any further act or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in SCUF as a going concern so as to become as and from the Second Merger Appointed Date the assets and liabilities of SCUF and to vest in SCUF all the rights, title, interest or obligations of Consolidated SRHPL Undertaking therein. As regards transfer of specified movable assets, Clauses 12.2.1 and 12.2.2 below provide for the physical mode of effecting transfer.

12.2 Without prejudice to the generality of the foregoing, with effect from the Second Merger Appointed Date:

12.2.1 Any and all movable assets including cash in hand or incorporeal property, if any, of the Consolidated SRHPL Undertaking, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, by actual or constructive delivery, as the case may be, to SCUF without any further act, instrument or deed, and shall upon such transfer become the property and an integral part of SCUF. Such delivery shall be made within thirty days from the Effective Date.

12.2.2 In respect of movables other than those specified in Clause 12.2.1 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances, deposits and balances, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, it shall not be necessary to obtain the consent of any third party or other person in order to give effect to the provisions of this Scheme, and such transfer shall be automatically effected, or in any manner as may be mutually agreed by Consolidated SRHPL and SCUF, from the Effective Date.

12.2.3 Any and all immovable properties owned or held by Consolidated SRHPL Undertaking, and any documents of title, rights and easements, if any, held by Consolidated SRHPL Undertaking thereto shall without any further act, instrument or deed be transferred to and/ or vested in and/ or be deemed to have been transferred to and vested in SCUF and shall belong to SCUF.

12.2.4 Any and all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Consolidated SRHPL Undertaking shall also, under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to SCUF so as to become the debts, liabilities, contingent liabilities, duties and obligations of SCUF and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.

12.2.5 Any and all bank accounts of Consolidated SRHPL shall be transferred to and continued to be operated as the bank accounts of SCUF and till such time the names of the bank accounts of Consolidated SRHPL are replaced with that of SCUF, SCUF shall be entitled to give instructions and operate the bank accounts of Consolidated SRHPL in the name of SRHPL/ SEHPL, in so far as may be necessary.

12.3 The transfer and vesting of the Consolidated SRHPL Undertaking as aforesaid shall be subject to the existing securities, hypothecation, charges and mortgages, if any, subsisting over or in respect of the property and assets or any part thereof of Consolidated SRHPL Undertaking.

12.4 Loans or other obligations, if any, due between or amongst the Consolidated SRHPL Undertaking and SCUF as on the Effective Date shall stand discharged and there shall be no liability/ obligation in that behalf.

12.5 With effect from the Effective Date, the borrowing limits of SCUF in terms of Section 293(1)(d) of the Act shall be deemed, without any further act or deed, to have been enhanced by the aggregate liabilities of the Consolidated SRHPL Undertaking which are being transferred to SCUF pursuant to the Scheme, such limits being incremental to the existing limits of SCUF, with effect from the Effective Date.

12.6 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that in accordance with the provisions of relevant laws, consents, permissions, licenses, registrations, certificates, authorities, powers of attorneys given by, issued to or executed in favour of SRHPL, and the rights and benefits under the same and all other interests of the Consolidated SRHPL Undertaking, be without any further act or deed, be transferred to and vested in SCUF.

12.7 For the avoidance of doubt, it is clarified that all rights and benefits of SCUF under its approvals, titles, consents, permissions, licenses, registrations, certificates, authorities, powers of attorneys etc and all certifications and approvals, trademarks, licenses, patents and domain names, copyrights and other intellectual property and all other interests shall remain preserved and in full force and effect without any further act, instrument or deed and shall not be adversely affected in any manner on account of this Scheme or any consequential steps.

13. DISSOLUTION OF SRHPL

Upon the Second Merger becoming effective, Consolidated SRHPL shall, without any further act or deed, stand dissolved without winding up.

PART 2
ISSUE OF SHARES AND ACCOUNTING TREATMENT

14. ISSUE OF SHARES

14.1 Upon the requisite sanction and orders of the Hon'ble High Court approving the Scheme, the Board of Directors of SCUF shall fix the Specified Date in accordance with Clause 1.15.

14.2 Upon the coming into effect of the Scheme and in consideration of the amalgamation of Consolidated SRHPL Undertaking into SCUF pursuant to this Scheme, SCUF shall, without any further act or deed and without any further payment, issue and allot equity shares of ₹ 10 each ("**New Equity Shares on Amalgamation**") to each member of Consolidated SRHPL whose name is recorded in the register of members of Consolidated SRHPL as holding equity shares on the Specified Date in the ratio of 413:69 i.e. 413 equity shares of ₹ 10 each fully paid-up of SCUF to be issued for every 69 equity shares of ₹ 10 each fully paid-up of Consolidated SRHPL, held by the member ("**Swap Ratio**").

14.3 The aforesaid Swap Ratio shall be suitably adjusted for any changes arising upto the close of business on the day preceding the Effective Date due to changes in Consolidated SRHPL's shareholding in SCUF, whether by means of a fresh issue of shares, bonus issue, split of shares, consolidation of shares, or any other corporate action, acquisition/ divestment of SCUF shares and for changes in cash and cash equivalents of Consolidated SRHPL due to net income (including net income from reinvestment of such income) received by Consolidated SRHPL from its existing assets (or reinvestments) considered for valuation by valuers in their report dated October 30, 2012. All such adjustments to the Swap Ratio shall be deemed to be carried out as an integral part of this Scheme, and the resultant share exchange ratio shall be adopted in Clause 14.2 without any further act or deed, upon agreement in writing by both SRHPL and SCUF on the day prior to the Effective Date.

14.4 The New Equity Shares on Amalgamation to be issued and allotted pursuant to Clause 14.2 shall in all respects, rank *pari passu* with the existing equity shares of SCUF with effect from the Effective Date.

14.5 Fractional shares, if any, shall be rounded off to the nearest integer.

14.6 The New Equity Shares on Amalgamation to be issued and allotted in terms hereof will be subject to the Memorandum and Articles of Association of SCUF. Provided however, in the event of a conflict between this Scheme and the Memorandum and Articles of Association of SCUF, the provisions of this Scheme shall prevail, as may be deemed necessary.

14.7 SCUF and the shareholders of Consolidated SRHPL shall, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities for the issue and allotment by SCUF of the New Equity Shares on Amalgamation.

14.8 The New Equity Shares on Amalgamation of SCUF issued in terms of Clause 14.2 shall, subject to the provisions of the Listing Agreement and payment of the appropriate fee, be listed on the stock exchanges where the shares of SCUF are listed. SCUF would obtain such approvals as may be necessary for the aforesaid listing on recognized stock exchange(s) by making suitable applications in this regard.

14.9 New Equity Shares on Amalgamation to be issued by SCUF pursuant to Clause 14.2 of this Scheme, in respect of any equity shares of Consolidated SRHPL which are held in abeyance under the provisions of Section 206A of the Act or otherwise, shall pending allotment or settlement of dispute by order of Court or otherwise be held by the trustees appointed by SCUF.

14.10 As regards the allotment of shares pursuant to Clause 14.2, each member of Consolidated SRHPL shall have the option to exercise, by giving a notice to SCUF, on or before such date as may be determined by the Board of SCUF, to receive the shares either in physical certificate form or in dematerialized form. In the event SCUF does not receive such notice or requisite details in respect of any member, SCUF may allot shares in dematerialized form to the extent it has the necessary details of the account holder for issue of shares in dematerialized form and in respect of other members, issue share certificates in physical form. In respect of those members exercising the option to receive the shares in dematerialized form, such members shall have opened and maintained an account with a depository participant, and shall provide such other confirmation, information and details as may be required.

14.11 The shares or the share certificate of Consolidated SRHPL in relation to the shares held by its members shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and be of no effect on and from the Specified Date.

15. ACCOUNTING TREATMENT

15.1 Upon the Scheme becoming effective, SCUF shall record the assets (other than the equity shares of SCUF held by Consolidated SRHPL, which shall be cancelled pursuant to Clause 16.1) and liabilities of Consolidated SRHPL vested in it pursuant to the Scheme, at fair values, in accordance with Accounting Standard – 14, notified under Companies (Accounting Standards Rules), 2006 (as amended); referred in Section 211(3C) of the Act.

15.2 SCUF shall credit, to its Share Capital Account, the aggregate face value of the New Equity Shares issued on Amalgamation, pursuant to Clause 14.2 of the Scheme.

15.3 SCUF shall credit to its Capital Reserve to the extent of aggregate of:

(i) The excess, if any, of the fair value over the face value of, the New Equity Shares on Amalgamation reduced by equity shares of SCUF cancelled pursuant to Clause 16.1; and

(ii) Difference of fair value of the assets of Consolidated SRHPL over aggregate of (a) fair value of the liabilities of Consolidated SRHPL vested in SCUF pursuant to this Scheme and as recorded in the books of account of SCUF and (b) fair value of New Equity Shares on Amalgamation reduced by equity shares of SCUF cancelled pursuant to Clause 16.1.

In the event the result of the above is negative, a "Goodwill" account shall be created in the books of account of SCUF. Such Goodwill shall be amortized over a period not exceeding five years, in accordance with Accounting Standard – 14, notified under Companies (Accounting Standards Rules), 2006 (as amended); referred in Section 211(3C) of the Act.

15.4 In case of any differences in accounting policy between Consolidated SRHPL and SCUF, the impact of the same will be quantified and adjusted against the Reserves and Surplus of SCUF, to ensure that the financial statements of SCUF reflect the financial position on the basis of consistent accounting policy.

15.5 To the extent that there are inter-corporate loans or balances between Consolidated SRHPL and SCUF, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of account and records of SCUF for the increase or reduction of any assets or liabilities, as the case may be.

15.6 Notwithstanding the above, the Board of Directors of SCUF, in consultation with its Statutory Auditors, is authorized to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the prescribed Accounting Standards issued by The Institute of Chartered Accountants of India and generally accepted accounting principles.

15.7 Any expense borne by SCUF in connection with the Scheme will be charged to the Profit & Loss Account immediately.

16. CAPITAL REDUCTION BY SCUF

16.1 As a consequence of the Scheme coming into effect, the investment in equity share capital of SCUF as appearing in the books of account of Consolidated SRHPL as on the Effective Date shall stand cancelled. The cancellation shall be effected as an integral part of the Scheme. Accordingly, the issued, subscribed and paid-up equity share capital of SCUF shall be reduced by an amount equal to the face value of equity shares of ₹ 10 (Rupees ten) each fully paid-up held by Consolidated SRHPL in SCUF as of the Effective Date.

16.2 In this regard, it is hereby clarified that the Order of the Hon'ble High Court (s) would be deemed for all purposes to be an Order under Section 100/ 102 of the Act. Further, since the aforesaid reduction contemplated in respect of SCUF would not involve either a diminution of liability in respect of the unpaid share capital or payment of paid up share capital, the provisions of Section 101 of the Act, shall not be applicable. The necessary approvals to be obtained by SCUF from their respective shareholders and creditors, as required, for the Scheme shall always be deemed to include the approval/ consents required to be obtained under Section 100 of the Act and SCUF shall not, nor shall be obliged to, call for a separate meeting of its shareholders and creditors for obtaining their approval sanctioning the reduction, as contemplated herein.

16.3 Notwithstanding the reduction in capital of SCUF as aforesaid, given the strong financial position of SCUF and the fact that the share capital of SCUF stands fully reinstated post merger, the company shall not be required to add “and reduced” as suffix to its name.

SECTION D - OTHER PROVISIONS

17. CONDUCT OF BUSINESS

17.1 From the date of the approval of the Scheme by the respective Board of Directors of SEHPL, SRHPL and SCUF, the Transferor Company shall not take any step that could adversely impact its net worth or adopt any material changes in its operations/ business without the prior written consent of the Transferee Company.

18. LEGAL PROCEEDINGS

18.1 All legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) of whatsoever nature by or against the Transferor Company under any statute, pending and/ or arising before the Effective Date 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 the Transferee Company, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.

18.2 In the event that the legal proceedings referred to herein require the Transferor Company and/ or the Transferee Company to be jointly treated as parties thereto, the Transferee Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the Transferor Company.

18.3 The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in Clause 18.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against itself as the case may be, to the exclusion of the Transferor Company. The respective companies shall make relevant applications in that behalf to the extent permissible.

18.4 On and from the Effective Date, the Transferee Company may, if required, initiate any legal proceedings in relation to the rights, title, interest, obligations or liabilities or any nature whatsoever, whether under contract or law or otherwise, of the Transferor Company and to the same extent as would or might have been initiated by the Transferor Company.

19. CONTRACTS AND DEEDS

19.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments, if any, of whatsoever nature to which the Transferor Company is a party and subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced

by or against the Transferee Company as fully and effectually as if, instead of the said Transferor Company, the Transferee Company had been a party thereto. The Transferee Company may enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company, as the case may be, and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme. It is clarified that any inter-se contracts between the Transferee Company and the Transferor Company as on the Effective Date shall stand merged and vest in the Transferee Company.

20. SAVING OF CONCLUDED TRANSACTIONS

To the extent applicable, the transfer and vesting of the assets, liabilities and obligations of the Transferor Company and the continuance of proceedings by or against the Transferee Company shall not affect any transaction or proceedings already concluded or initiated by the Transferor Company on or before the date when Transferor Company adopts the Scheme in its Board meeting, and after the date of such adoption till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself, wherever necessary.

21. STAFF AND EMPLOYEES

21.1 On the Scheme coming into effect, all staff and employees of the Transferor Company in service on such date shall be deemed to have become staff and employees of the Transferee Company without any break in their service and on the basis of continuity of service and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to the Transferor Company on the Effective Date.

21.2 Upon the Scheme coming into effect, the existing Provident Fund, Gratuity Fund, Leave Encashment scheme and/ or other schemes, created by the Transferor Company, if any, for its employees shall be transferred to the Transferee Company. It is clarified that the services of the staff, workmen and employees of the Transferor Company will be treated as having been continuous for the purpose of the said fund or funds.

22. TAXES

Upon the Scheme coming into effect, if required, the Transferee Company is expressly permitted to revise its income tax returns, VAT/ sales tax returns, service tax returns and other returns filed under the tax laws and claim benefit of refunds, advance tax credits including MAT credits, VAT credits, service tax credits and withholding tax credits etc, pursuant to the provisions of this Scheme.

23. NO CHANGE TO BE EFFECTED IN CAPITAL STRUCTURE

The Transferor Company shall not make any change in its capital structure (by way of issue of bonus shares, convertible debentures, detachable warrants, equity or preference shares, options and calls, fresh issue of rights shares, secured premium notes, zero interest bonds, or any other instruments of raising capital) through any increase, decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner, without the express written consent of the Board or duly authorized representatives of the Transferee Company.

24. APPLICATION TO HIGH COURT AND OTHER AUTHORITY

24.1 The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make applications to the Hon'ble High Court under Section 391 of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the respective classes of the members and/ or creditors of the Transferor Company and the Transferee Company as may be directed by the Hon'ble High Court(s).

24.2 On the Scheme being agreed to by the requisite majorities of the classes of the members and/ or creditors, the Transferor Company and the Transferee Company shall, with all reasonable dispatch, apply to the Hon'ble High Court(s) for sanctioning the Scheme under Sections 391 and 394 of the Act, and for such other order or orders, as the Hon'ble High Court may deem fit for carrying this Scheme into effect.

25. CONDITIONALITY OF SCHEME

The Scheme is conditional upon and subject to:

(a) the Scheme being agreed to by the respective requisite majorities of members and creditors (where applicable) of the Companies as may be required;

(b) the Scheme being approved by the Hon'ble High Court;

(c) such other sanctions and approvals including sanctions of any statutory or regulatory authority, as may be required in respect of the Scheme, being obtained; and

(d) certified copies of above order of the Hon'ble High Court being filed with the jurisdictional Registrar of Companies by the Companies.

(e) Pursuant to the above, the following shall be deemed to have occurred and become effective and operative only in the sequence and in the order mentioned hereunder:

- **First Merger** – For First Merger of SEHPL together with the SEHPL Undertaking into SRHPL - the date on which all necessary certified copies of orders under sections 391 to 394 of the Act are duly filed by SEHPL and SRHPL with the jurisdictional Registrar of Companies.

- **Second Merger** - For Second Merger of Consolidated SRHPL Undertaking into SCUF - the date on which all necessary certified copies of orders under sections 391 to 394 of the Act are duly filed by SRHPL and SCUF with the jurisdictional Registrar of Companies.

The abovementioned date of such filings shall be the respective "**Effective Date**" for the purpose of the First Merger and Second Merger, as contemplated under this Scheme.

26. EFFECT OF NON APPROVALS

26.1 In the event any of the said sanctions and approvals referred to in Clause 25 above not being obtained and/ or the Scheme not being passed as aforesaid before December 31, 2013 or within such other period or periods as may be agreed upon between the Transferor Company by its Directors and the Transferee Company by its Directors (and which the Board of Directors are hereby empowered and authorised to agree to modify from time to time without any limitations), this Scheme shall stand revoked, cancelled and be of no effect and null and void save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as may otherwise arise in law and in such event each party shall bear their respective costs, charges and expenses in connection with the Scheme.

26.2 If any part or section of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the respective Boards of the Transferor Company and the Transferee Company, as the case may be, affect the adoption or validity or interpretation of the other parts and/ or provisions of this Scheme.

27. MODIFICATION, AMENDMENT OR WITHDRAWAL

27.1 SRHPL, SEHPL and SCUF (by their Directors or their committee thereof) may assent to any modification(s) or amendment(s) in this Scheme which the Hon'ble High Court and/ or any other Authority may deem fit to direct or impose or which may otherwise be considered necessary or desirable for implementing and/ or carrying out the Scheme or which may be considered necessary due to any change in law and the Transferor Company and the Transferee Company (by their Directors or their committee thereof) be and are hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any orders of the Hon'ble High Court or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/ or any matters concerning or connected therewith.

27.2 The expression 'any other Authority' in the preceding sub-clause shall include Securities and Exchange Board of India ("SEBI") and the stock exchanges with which the shares of the Transferee Company are listed and with which a copy of this Scheme is filed in terms of the Listing Agreement.

27.3 SRHPL, SEHPL and SCUF (by their Directors or their committee thereof) may, at any time prior to the sanction of the Scheme by the High Court, withdraw the Scheme, and upon such withdrawal none of the actions to be taken pursuant to the Scheme will be required to be taken, and all actions taken, if any, to give effect to the Scheme will be deemed to not have been taken, and the Scheme shall be deemed to be null and void.

28. MERGER OF AUTHORIZED SHARE CAPITAL OF TRANSFEROR COMPANY

28.1 Upon the Scheme becoming effective, the authorized share capital of the Transferor Company shall stand transferred to and be merged with the authorized share capital of the Transferee Company such that the authorized share capital of the Transferee Company is enhanced by the aggregate amount of authorized share capital of the Transferor Company as of the Effective Date, without any liability for payment of any additional fees (including fee to registrar of companies) or stamp duty.

Accordingly, the Memorandum of Association and Articles of Association of the Transferee Company shall stand modified as necessary to that extent, without any further act or deed.

28.2 It is hereby clarified that the consent of the shareholders of the Transferor Company and the Transferee Company to the Scheme shall be sufficient for purposes of effecting this amendment in the Memorandum of Association of the Transferee Company and that no further resolution under Sections 16, 31, 94 and 97 or any other applicable provisions of the Act, would be required to be separately passed, nor any additional registration fee, stamp duty, etc, be payable by the Transferee Company.

29. COSTS, CHARGES AND EXPENSES

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

IN THE HIGH COURT OF JUDICATURE AT MADRAS

[ORDINARY ORIGINAL CIVIL JURISDICTION]

COMPANY APPLICATION NO. 71 OF 2013

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

AND

In the matter of Sections 391 to 394 and Sections 100 to 103 of the Companies Act, 1956

AND

In the matter of the composite Scheme of Arrangement (Amalgamation) of

Shriram Retail Holdings Private Limited and Shriram Enterprise Holdings Private Limited and

Shriram City Union Finance Limited

Shriram City Union Finance Limited

a company incorporated under the provisions of Companies Act, 1956, and having its registered office at 123, Angappa Naicken Street, Chennai - 600 001, Tamil Nadu.

Represented by Mr G. S. Sundararajan, Managing Director. …. Applicant/

Transferee Company (2)

FORM OF PROXY

I/ We the undersigned secured creditor(s) of Shriram City Union Finance Limited, the Applicant Company, hereby appoint _____ of _____ and failing him/ her _____ of _____ as my/ our Proxy to act for me/ us on my /our behalf at the Court Convened Meeting of the Secured Creditors of Shriram City Union Finance Limited, to be held on Monday, March 25, 2013 at 12:30 PM at Sri Krishna Gana Sabha, No - 20, Maharajapuram Santhanam Salai, T. Nagar, Chennai - 600 017, Tamil Nadu for the purpose of considering and, if thought fit, approving, with or without modifications, the arrangement embodied in the composite Scheme of Arrangement (Amalgamation) among Shriram Retail Holdings Private Limited [Transferor Company (2)/ Transferee Company (1)] and Shriram Enterprise Holdings Private Limited [Transferor Company (1)] and Shriram City Union Finance Limited [Transferee Company (2)] and their respective shareholders and creditors, at such meeting and at 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 " Composite Scheme of Arrangement") the arrangement embodied in the said composite Scheme of Arrangement and the resolution, either with or without modification, as my/ our proxy may approve.

Strike out what is not necessary

Dated this _____ day of _____ 2013

Name: ……

……

Address: ……..

……

Affix.
Re. 1
Revenue
Stamp

Signature of secured creditor(s): ……

Signature of Proxy holder (across the revenue stamp)

NOTE:

1. All alterations made in the form of proxy should be initialed.
2. The proxy must be deposited at the registered office of Shriram City Union Finance Limited at 123, Angappa Naicken Street, Chennai - 600 001, Tamil Nadu not later than 48 hours before the meeting.
3. Please affix revenue stamp before putting signature.
4. Proxy need not to be a secured creditor of the Applicant Company.
5. In case of multiple proxies, proxy later in time shall be accepted.

ATTENDANCE SLIP

(PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE REGISTRATION COUNTER FOR ISSUING GATE PASS FOR ENTERING THE MEETING HALL)

I/ We hereby record my/ our presence at the court convened meeting of the secured creditors of Shriram City Union Finance Limited held at Sri Krishna Gana Sabha, No - 20, Maharajapuram Santhanam Salai, T. Nagar, Chennai - 600 017, Tamil Nadu on Monday, March 25, 2013 at 12:30 PM for the purpose of considering and, if thought fit, approving, with or without modification, the composite Scheme of Arrangement among Shriram Retail Holdings Private Limited, Shriram Enterprise Holdings Private Limited and Shriram City Union Finance Limited and their respective shareholders and creditors and at such meeting and at any adjournment/ adjournments thereof.

Signature of Secured Creditor/ Proxy holder

Name: …….

Signature …….

Address: ……..……
……..……

NOTES:

1. Secured Creditors/ proxy holders are requested to bring the original Attendance Slip duly filled with them when they come to the meeting venue and hand it over at the registration counter.

2. Incomplete attendance slips shall not be accepted for issuing the gate pass for entry in the meeting hall.

3. Secured Creditors who come to attend the meeting are requested to bring their own copy of Notice and Scheme of Arrangement with them for reference.