



TATA CAPITAL LIMITED

Registered Office: One Forbes, Dr. V. B. Gandhi Marg, Fort, Mumbai - 400001, Maharashtra

Court Convened Meeting of the Debenture Holders of Tata Capital Limited holding Unsecured, Redeemable, Non-Convertible Debentures of Tata Capital Limited issued pursuant to the debenture trust deed dated 3rd August, 2009, scheduled to be held on Tuesday, the 9th day of August, 2011 at 12.30 P.M. at the Rama Watumull Auditorium, Kishanchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020.

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 380 OF 2011

In the matter of:

The Companies Act, 1956;

And

In the matter of:

Sections 391 to 394 of the Companies Act, 1956;

And

In the matter of:

Tata Capital Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai – 400 001, Maharashtra

And

In the matter of:

The Scheme of Arrangement of Tata Capital Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai – 400 001, Maharashtra (“**Applicant Company**” or “**Transferor Company**”) and Tata Capital Financial Services Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai – 400 001, Maharashtra (“**Transferee Company**”) and their respective members and creditors.

Tata Capital Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai – 400 001, Maharashtra) Applicant Company

NOTICE CONVENING MEETING OF THE DEBENTURE HOLDERS OF THE APPLICANT COMPANY HOLDING UNSECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF THE APPLICANT COMPANY ISSUED PURSUANT TO THE DEBENTURE TRUST DEED DATED 3RD AUGUST, 2009

To,
The Debenture Holders of Tata Capital Limited (the “**Applicant Company**”) holding Unsecured, Redeemable Non-Convertible Debentures of the Applicant Company issued pursuant to the debenture trust deed dated 3rd August, 2009

TAKE NOTICE that by an Order made on the 24th day of June, 2011, in the above Company Summons for Direction No. 380 of 2011, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the Debenture Holders of the Applicant Company holding Unsecured, Redeemable, Non-Convertible Debentures of the Applicant Company issued pursuant to the debenture trust deed dated 3rd August, 2009 be convened and held at the Rama Watumull Auditorium, Kishanchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 on Tuesday, the 9th day of August 2011 at 12.30 P.M., for the purpose of considering, and, if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement between the Applicant Company and Tata Capital Financial Services Limited (“**Transferee Company**”) which, *inter alia*, provides for transfer of the Transferred Undertaking of the Applicant Company as a going concern to the Transferee Company under Sections 391-394 of the Companies Act, 1956 (hereinafter referred to as the “**Scheme**”).

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Debenture Holders of the Applicant Company holding Unsecured, Redeemable, Non-Convertible Debentures of the Applicant Company issued pursuant to the debenture trust deed dated 3rd August, 2009 will be held at the Rama Watumull Auditorium, Kishanchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 on Tuesday, the 9th day of August 2011 at 12.30 P.M., 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 or through an authorised representative, provided that a proxy in the prescribed form, duly signed by you, is deposited at the Registered Office of the Applicant Company at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai – 400 001, Maharashtra, not later than 48 hours before the time of the aforesaid meeting.

The Hon'ble High Court of Judicature at Bombay has appointed Mr. F. K. Kavarana, Director of the Applicant Company, failing whom, Mr. Janki Ballabh, Director of the Applicant Company, failing whom, Mr. Praveen P. Kadle, Managing Director of the Applicant Company, failing whom, Mr. F. N. Subedar, Director of the Applicant Company, failing whom, Mr. S. H. Rajadhyaksha, Company Secretary of the Applicant Company, to be the Chairman of the said meeting.

A copy each of the Scheme of Arrangement, the Explanatory Statement under Section 393 of the Companies Act, 1956, Form of Proxy and Attendance Slip, are enclosed.

Praveen P. Kadle
Chairman appointed for the meeting

Dated this 29th day of June, 2011

*Registered Office:
One Forbes,
Dr. V B Gandhi Marg,
Fort, Mumbai – 400 001.
Maharashtra.*

Notes:

- (1) All alterations made in the form of proxy should be initialled.
- (2) The authorised representative of a body corporate which is a Debenture Holder of the Applicant Company may attend and vote at the Debenture Holders' meeting, provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting authorizing such representative to attend and vote at the Debenture Holders' meeting. In case the Debenture Holder of the Applicant Company is an individual, the authorised representative of such Debenture Holder may attend and vote at the Debenture Holders' meeting, provided a Power of Attorney of the individual Debenture Holder is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting authorizing such representative to attend and vote at the Debenture Holders' meeting.

Enclosed: As above.

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 380 OF 2011**

In the matter of:
The Companies Act, 1956;

And

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

And

In the matter of:
Tata Capital Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai – 400 001, Maharashtra

And

In the matter of:
The Scheme of Arrangement of Tata Capital Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai – 400 001, Maharashtra (**“Applicant Company”** or **“Transferor Company”**) and Tata Capital Financial Services Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai – 400001, Maharashtra (**“Transferee Company”**) and their respective members and creditors.

Tata Capital Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at One Forbes, Dr. V B Gandhi Marg,) Fort, Mumbai – 400 001, Maharashtra) Transferor Company

EXPLANATORY STATEMENT UNDER SECTION 393(1)(a) OF THE COMPANIES ACT, 1956

1. In this statement, Tata Capital Limited is referred to as the “Transferor Company” and Tata Capital Financial Services Limited is referred to as the “Transferee Company”. The other definitions contained in the proposed Scheme of Arrangement between the Transferor Company and the Transferee Company and their respective members and creditors (hereinafter referred to as the **“Scheme”**) will also apply to this statement under Section 393(1)(a) of the Companies Act, 1956 (**“Explanatory Statement”**).
2. A copy of the proposed Scheme between the Transferor Company and the Transferee Company setting out the terms and conditions of the Scheme is attached to this Explanatory Statement.
3. Pursuant to the Order dated 24th June, 2011 passed by the Hon’ble High Court of Judicature at Bombay in Company Summons for Direction referred to above, a meeting is being convened at the Rama Watumull Auditorium, Kishanchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 on Tuesday, the 9th day of August 2011 at 9.00 A.M., of the Equity Shareholders of the Transferor Company for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between the Transferor Company and the Transferee Company and their respective members and creditors.
4. Pursuant to the Order dated 24th June, 2011 passed by the Hon’ble High Court of Judicature at Bombay in Company Summons for Direction referred to above, a separate meeting is being convened at the Rama Watumull Auditorium, Kishanchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 on Tuesday, the 9th day of August 2011 at 9.45 A.M., of the Secured Creditors of Tata Capital Limited for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between the Transferor Company and the Transferee Company and their respective members and creditors.
5. Pursuant to the Order dated 24th June, 2011 passed by the Hon’ble High Court of Judicature at Bombay in Company Summons for Direction referred to above, a separate meeting is being convened at the Rama Watumull Auditorium, Kishanchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 on Tuesday, the 9th day of August 2011 at 10.15 A.M., of the Unsecured Creditors of Tata Capital Limited for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between the Transferor Company and the Transferee Company and their respective members and creditors.
6. Pursuant to the Order dated 24th June, 2011 passed by the Hon’ble High Court of Judicature at Bombay in Company Summons for Direction referred to above, a separate meeting is being convened at the Rama Watumull Auditorium, Kishanchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 on Tuesday, the 9th day of

August 2011 at 11.00 A.M., of the Debenture Holders of Tata Capital Limited holding Secured, Redeemable Non-Convertible Debentures of Tata Capital Limited issued pursuant to the debenture trust deed dated 9th July, 2010 for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between the Transferor Company and the Transferee Company and their respective members and creditors.

7. Pursuant to the Order dated 24th June, 2011 passed by the Hon'ble High Court of Judicature at Bombay in Company Summons for Direction referred to above, a separate meeting is being convened at the Rama Watumull Auditorium, Kishanchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 on Tuesday, the 9th day of August 2011 at 11.30 A.M., of the Debenture Holders of Tata Capital Limited holding Secured, Redeemable Non-Convertible Debentures of Tata Capital Limited issued pursuant to the debenture trust deed dated 25th September, 2008 for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between the Transferor Company and the Transferee Company and their respective members and creditors.
8. Pursuant to the Order dated 24th June, 2011 passed by the Hon'ble High Court of Judicature at Bombay in Company Summons for Direction referred to above, a separate meeting is being convened at the Rama Watumull Auditorium, Kishanchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 on Tuesday, the 9th day of August 2011 at 1.00 P.M., of the Debenture Holders of Tata Capital Limited holding Secured, Redeemable Non-Convertible Debentures (Public) of Tata Capital Limited issued pursuant to the debenture trust deed dated 12th February, 2009 for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between the Transferor Company and the Transferee Company and their respective members and creditors.
9. Pursuant to the Order dated 24th June, 2011 passed by the Hon'ble High Court of Judicature at Bombay in Company Summons for Direction referred to above, a separate meeting is being convened at the Rama Watumull Auditorium, Kishanchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 on Tuesday, the 9th day of August 2011 at 12 noon, of the Debenture Holders of Tata Capital Limited holding Unsecured, Non-Convertible Perpetual Debentures of Tata Capital Limited issued pursuant to the debenture trust deed dated 30th December, 2010 for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between the Transferor Company and the Transferee Company and their respective members and creditors.
10. Pursuant to the Order dated 24th June, 2011 passed by the Hon'ble High Court of Judicature at Bombay in Company Summons for Direction referred to above, a separate meeting is being convened at the Rama Watumull Auditorium, Kishanchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 on Tuesday, the 9th day of August 2011 at 12.30 P.M., of the Debenture Holders of Tata Capital Limited in relation to the Unsecured, Redeemable, Non-Convertible Debentures of Tata Capital Limited issued pursuant to the debenture trust deed dated 3rd August, 2009 for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between the Transferor Company and the Transferee Company and their respective members and creditors.
11. Pursuant to the Order dated 24th June, 2011 passed by the Hon'ble High Court of Judicature at Bombay in Company Summons for Direction referred to above, the issuing of individual notices to each Unsecured Creditor to whom the amount owed by the Transferor Company is less than Rs. 50,000 (Rupees Fifty Thousand), has been dispensed with.
12. Pursuant to the Order dated 24th June, 2011 passed by the Hon'ble High Court of Judicature at Bombay in Company Summons for Direction referred to above, the issuing of individual notices to each Debenture Holder holding Secured, Redeemable Non-Convertible Debentures (Public) of the Transferor Company issued pursuant to the debenture trust deed dated 12th February, 2009 to whom the amount owed by the Transferor Company is less than Rs 1,00,000 (Rupees One Lakh), has been dispensed with.

OVERVIEW

13. The proposed Scheme envisages the transfer of the Transferred Undertaking of the Transferor Company as a going concern to the Transferee Company and the consequent payment of a pre-agreed cash consideration by the Transferee Company to the Transferor Company under Sections 391–394 and other applicable provisions of the Companies Act, 1956 ("the Act") pursuant to the relevant provisions of the Act, with effect from 1st April, 2011 (the "**Appointed Date**").

BACKGROUND

14. The Transferor Company was incorporated on 8th March, 1991 under the Act under the name of Primal Investments & Finance Limited (bearing corporate identity No. 11-60670 of 1991). On 1st April, 1991, the Transferor Company was allowed by the Central Government to commence business. On 8th May, 2007, the Transferor Company, on approval of the Central Government, changed its name to Tata Capital Limited.
15. The registered office of the Transferor Company is at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai – 400 001, Maharashtra.
16. The capital structure of the Transferor Company as on 31st March, 2011, was as set out below:

Particulars	Rupees in Lakhs
Authorized Share Capital	
475,00,00,000 Equity Shares of Rs. 10/- each	475,000
25,00,000 Redeemable Non-Cumulative Preference Shares of Rs. 1000/- each	25,000
300,00,00,000 Compulsorily Convertible Preference Shares of Rs. 10/- each	300,000
Total	800,000

Particulars	Rupees in Lakhs
Issued Share Capital	
255,10,92,570 Equity Shares of Rs. 10/- each	255,110
Total	255,110
Subscribed Share Capital	
255,10,18,170 Equity Shares of Rs. 10/- each	255,102
Total	255,102
Paid-Up Share Capital	
205,10,18,170 Equity Shares of Rs. 10/- each fully paid up	205,102
Less: Loan given to "TCL Employees Welfare Trust"	(4,543)
Less: Loans to Employees	(1,044)
	199,515
50,00,00,000 Equity Shares of Rs. 10/- each fully paid up	50,000
Total	249,515

The capital structure of the Transferor Company has not changed since 31st March, 2011.

17. The Transferor Company is a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India ("RBI") as a Systemically Important Non Deposit Accepting NBFC ("NBFC-ND-SI") and is, *inter alia*, engaged in the business of offering fund and fee-based financial services to its customers which includes retail, corporate and institutional customers, directly or indirectly through its subsidiaries, across various areas of business namely corporate finance (which includes commercial and infrastructure finance), consumer finance and advisory business, housing finance, securities business, investment banking business, private equity, marketing and distribution of credit cards, foreign exchange business and travel related services and also holds various investments.
18. The main objects of the Transferor Company as set out in Clause III (A) of its Memorandum of Association are as follows:
 - "1. To carry on the business of a leasing company, hire purchase company and finance company and to undertake and or arrange or syndicate all types of business relating to financing of consumers, individuals, industry or corporates, for all kinds of vehicles, aircrafts, ships, machinery, plants, two-wheelers, tractors and other farm equipments, consumer durables, equipment, renewable energy equipment/infrastructure, construction equipment, housing equipment, capital equipment, office equipment, their spares and components, real estate, infrastructure work or activity, including used/refurbished products, as also services of every kind and description, computers, storage tanks, toll roads, communication satellites, communication lines, factories, rolling stock, moveable and immoveable property, to engage in all forms of securitisation, instalment sale and/or deferred sale relating to goods or materials, to purchase the book debts and receivables of companies and to lend or give credit against the same, to undertake real estate business, to borrow, to transact business as promoters, financiers, monetary agents, to carry out the business of a company established with the object of financing industrial enterprises and to arrange or provide financial and other facilities independently or in association with any person, Government, Financial Institutions, Banks, Industrial Companies or any other agency, in the form of lending or advancing money by way of loan, working capital finance, refinance, project finance or in any other form, whether with or without security, to institutions, bodies corporate, firms, associations, societies, trusts, authorities, industrial enterprises and to arrange or provide facilities for the purposes of infrastructure development work or for providing infrastructure facilities or engaging in infrastructure activities and to raise and provide venture capital and promote or finance the promotion of joint stock companies, to invest in, to underwrite, to manage the issue of, and to trade in their shares or other securities.
 2. To promote the formation and mobilization of capital, to manage capital, savings and investment, to act as a discount and acceptance house and purchase, finance, re-finance, co-accept, discount and re-discount bills of exchange(s) or any other kind of trade or financial bills or credit instruments, to act as or carry on the business of consultants, advisers, managers, experts and technical collaborators in matters pertaining to, without prejudice to the generality of the foregoing, portfolio management services, syndication of loans, counselling and tie-up for project and working capital, finance, syndication of financial arrangements whether in domestic or international markets, mergers and amalgamations, asset reconstruction or recovery, wealth management, infrastructure finance, corporate re-structuring, corporate planning & strategic planning, foreign currency lending or borrowing, project planning and feasibility, investment counselling, setting up of joint ventures, finances, management, marketing of financial and money market instruments and products, prospecting and projecting of businesses and valuation of undertakings, business concerns, assets, concessions, properties or rights or any other business area and to employ experts for any of these purposes and to promote or act as Investment Bankers, Merchant Bankers, Portfolio Investment Managers, Lead Managers or Co-Managers, Market Makers, Book Runners and further perform any other kind of role as an Intermediary or Advisor in the Securities Market.
 3. To render services as brokers, commission agents, importers and exporters, and to act as trustees, executors, administrators, managers, agents or attorney, to carry on the business of retail and institutional distribution of the schemes of the Mutual Funds or any other financial products issued by Banks, Mutual Funds or any financial intermediary, to contract for, and negotiate and issue and participate in funding any public and private loans and advances, underwriting contracts, mortgages, equity participation, cash credits, overdrafts and other financial facilities.

3A. To act as money changers, brokers, dealers, agents, buyers and sellers of all foreign exchange in the form of currencies, travellers' cheques, cards (pre-paid, credit or debit), bonds, notes, instruments, papers, documents, subject to the approval of the Reserve Bank of India and other competent authorities, wherever necessary; to take positions, hold and trade on the movements of foreign currencies on behalf of customers or otherwise, to hold, operate and transact in foreign currencies and/or exchange by maintaining foreign currency bank accounts or otherwise, and to issue or act as agents for travellers' cheques, cards (pre-paid, credit or debit), phone cards and all instruments in any currency, subject to all rules, regulations and approvals as may be necessary and to deal in documents related to import or export trade, payables or receivables or securities either within or outside India; to engage in the foreign exchange money changing business, money transfer services in foreign exchange, either in the form of foreign currency notes / coins or travellers' cheques, cards (pre-paid, credit or debit) or any other negotiable instruments to or from India or abroad; to deal in currency or exchange options, swaps, futures, in foreign or Indian currencies in direct or derivative forms in India or abroad on the Company's own behalf or on behalf of its clients; to manage, acquire, hold, exchange, dispose of monies, foreign exchange, investments, funds, pools relating to and/or emanating from India or elsewhere on its own behalf or on behalf of its clients, customers, dealers, brokers, agents, trusts, funds, Government or other bodies; to do the business of broking in exchange, currencies."

19. Clause III (B) sub-clause 30 of the Memorandum of Association of the Transferor Company which contains provision for transfer of undertaking is reproduced herein below:

"30. To sell, mortgage, exchange, lease, grant licenses, easements and other rights over, improve, manage, develop and turn to account and in any other manner deal with or dispose of the undertaking, investments, property, assets, rights and effects of the Company or any part thereof for such consideration as may be thought fit, including any stocks, shares or securities, of any other company, whether partly or fully paid up."

20. The Transferee Company was incorporated on 19th November, 2010 under the Act under the name of Tata Capital Financial Services Limited (bearing the corporate identity number U67100MH2010PLC210201). On 16th December, 2010, the Transferee Company was allowed by the Central Government to commence business.

21. The registered office of the Transferee Company is situated at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai – 400 001, Maharashtra.

22. The capital structure of the Transferee Company as on 31st March, 2011, was as set out below:

Particulars	Rupees in Lakhs
Authorized Capital	
50,00,000 Equity Shares of Rs. 10/- each	500
Total	500
Issued, Subscribed and Paid-up	
25,50,000 Equity shares of Rs. 10/- each fully paid up	255
Total	255

The capital structure of the Transferee Company has not changed since 31st March, 2011.

23. The Transferee Company is a wholly owned subsidiary of the Transferor Company and is proposed to be registered with RBI as a NBFC and has filed an application in this regard with RBI and will, *inter alia*, be engaged in the business of offering fund and fee-based financial services to its customers which includes retail, corporate and institutional customers, across various areas of business namely corporate finance (which includes commercial and infrastructure finance), consumer finance, marketing and distribution of credit cards and also hold investments in various entities.

24. The main objects of the Transferee Company as set out in Clause III (A) of its Memorandum of Association are, as follows:

"1. To carry on the business of a leasing company, hire purchase company and finance company and to undertake and or arrange or syndicate all types of business relating to financing of consumers, individuals, industry or corporates, for all kinds of vehicles, aircrafts, ships, machinery, plants, two-wheelers, tractors and other farm equipments, consumer durables, equipment, renewable energy equipment/infrastructure, construction equipment, housing equipment, capital equipment, office equipment, their spares and components, real estate, infrastructure work or activity, including used/refurbished products, as also services of every kind and description, computers, storage tanks, toll roads, communication satellites, communication lines, factories, rolling stock, moveable and immoveable property, to engage in all forms of securitisation, instalment sale and/or deferred sale relating to goods or materials, to purchase the book debts and receivables of companies and to lend or give credit against the same, to undertake real estate business, to borrow, to transact business as promoters, financiers, monetary agents, to carry out the business of a company established with the object of financing industrial enterprises and to arrange or provide financial and other facilities independently or in association with any person, Government, Financial Institutions, Banks, Industrial Companies or any other agency, in the form of lending or advancing money by way of loan, working capital finance, refinance, project finance or in any other form, whether with or without security, to institutions, bodies corporate, firms, associations, societies, trusts, authorities, industrial enterprises and to arrange or provide facilities for the purposes of infrastructure development work or for providing infrastructure facilities or engaging in infrastructure activities and to raise and provide venture capital and promote or finance the promotion of joint stock companies, to invest in, to underwrite, to manage the issue of, and to trade in their shares or other securities.

2. *To promote the formation and mobilization of capital, to manage capital, savings and investment, to act as a discount and acceptance house and purchase, finance, re-finance, co-accept, discount and re-discount bills of exchange(s) or any other kind of trade or financial bills or credit instruments, to act as or carry on the business of consultants, advisers, managers, experts and technical collaborators in matters pertaining to, without prejudice to the generality of the foregoing, portfolio management services, syndication of loans, counselling and tie-up for project and working capital, finance, syndication of financial arrangements whether in domestic or international markets, mergers and amalgamations, asset reconstruction or recovery, wealth management, infrastructure finance, corporate re-structuring, corporate planning & strategic planning, foreign currency lending or borrowing, project planning and feasibility, investment counselling, setting up of joint ventures, finances, management, marketing of financial and money market instruments and products, prospecting and projecting of businesses and valuation of undertakings, business concerns, assets, concessions, properties or rights or any other business area and to employ experts for any of these purposes and to promote or act as Investment Bankers, Merchant Bankers, Portfolio Investment Managers, Lead Managers or Co-Managers, Market Makers, Book Runners and further perform any other kind of role as an Intermediary or Advisor in the Securities Market.*
 3. *To render services as brokers, commission agents, importers and exporters, and to act as trustees, executors, administrators, managers, agents or attorney, to carry on the business of retail and institutional distribution of the schemes of the Mutual Funds or any other financial products issued by Banks, Mutual Funds or any financial intermediary, to contract for, and negotiate and issue and participate in funding any public and private loans and advances, underwriting contracts, mortgages, equity participation, cash credits, overdrafts and other financial facilities.*
 4. *To act as money changers, brokers, dealers, agents, buyers and sellers of all foreign exchange in the form of currencies, travellers' cheques, cards (pre-paid, credit or debit), bonds, notes, instruments, papers, documents, subject to the approval of the Reserve Bank of India and other competent authorities, wherever necessary; to take positions, hold and trade on the movements of foreign currencies on behalf of customers or otherwise, to hold, operate and transact in foreign currencies and/or exchange by maintaining foreign currency bank accounts or otherwise, and to issue or act as agents for travellers' cheques, cards (pre-paid, credit or debit), phone cards and all instruments in any currency, subject to all rules, regulations and approvals as may be necessary and to deal in documents related to import or export trade, payables or receivables or securities either within or outside India; to engage in the foreign exchange money changing business, money transfer services in foreign exchange, either in the form of foreign currency notes / coins or travellers' cheques, cards (pre-paid, credit or debit) or any other negotiable instruments to or from India or abroad; to deal in currency or exchange options, swaps, futures, in foreign or Indian currencies in direct or derivative forms in India or abroad on the Company's own behalf or on behalf of its clients; to manage, acquire, hold, exchange, dispose of monies, foreign exchange, investments, funds, pools relating to and/or emanating from India or elsewhere on its own behalf or on behalf of its clients, customers, dealers, brokers, agents, trusts, funds, Government or other bodies; to do the business of broking in exchange, currencies."*
25. Clause III (B) sub-clause 16 of the Memorandum of Association of the Transferee Company which contains provision for transfer of an undertaking is reproduced herein below:
- "16. To acquire, purchase, takeover and /or amalgamate business or undertakings of companies or firms which under existing circumstances, from time to time, may conveniently or advantageously be combined with the business of the Company, to amalgamate or merge with companies whose business are so acquired, purchased or taken over and/or to enter into any agreement with the object of acquisition of such undertaking and/or business."*

RATIONALE AND BENEFITS

26. The background, circumstances and benefits which justify the said Arrangement are, *inter alia*, as follows:
- a. The Transferor Company is proposed to be registered with RBI as a Systemically Important Core Investment Company ("CIC-ND-SI") as defined by the RBI Circular No. RBI/2010-11/168 DNBS (PD) CC. No. 197/03.10.001/2010-11 dated August 12, 2010 and RBI Notification No. RBI 2010-11/360 DNBS (PD) CC. No. 206/03.10.001/2010-11 dated January 5, 2011 and any other regulations/ guidelines/ notifications/ clarifications as may be issued by the RBI from time to time in relation to CIC-ND-SI ("CIC Guidelines") and will be engaged in the business of investments in securities of Group Companies (as defined under the CIC Guidelines) and investment in other group entities as permitted under the CIC Guidelines, investment advisory business, portfolio management services and management of private equity funds.
 - b. As such, it was necessary for the Transferor Company to set up a new Non-Banking Financial Company ("NBFC") and transfer the appropriate businesses from the Company (other than investments in Group Companies, as defined under the CIC Guidelines) to the new NBFC.
 - c. Therefore, the Transferor Company has set up the Transferee Company, a wholly owned subsidiary of the Transferor Company, which has been incorporated pursuant to an approval accorded at the Board Meeting of the Transferor Company held on 19th October, 2010. The Transferee Company is proposed to be registered with RBI as an NBFC and has filed an application in this regard with RBI.
 - d. To achieve the above, the Transferor Company has proposed to transfer the Transferred Undertaking of the Transferor Company by way of a sale of business on a going concern basis for a pre-agreed cash consideration being discharged by the Transferee Company to the Transferor Company. The business of investments in securities of group companies and investment in other group entities as permitted under the CIC guidelines, investment advisory business, portfolio management services and management of private equity funds would continue to reside in the Transferor Company.

- e. Subsequent to the above, it is proposed to effect the transfer of the Transferred Undertaking of the Transferor Company to the Transferee Company through a Scheme of Arrangement under Sections 391 – 394 and other applicable provisions of the Act, so as to provide an opportunity to all the stakeholders to review and approve the arrangement as well as to get the assent of a judicial authority.

SALIENT FEATURES OF THE SCHEME

27. The salient features of the Scheme are, *inter alia*, as under:

- a. With effect from the Appointed Date and upon the Scheme coming into effect, the Transferred Undertaking (along with all the assets and debts, outstandings, credits, liabilities, duties and obligations whatsoever relating thereto) shall, pursuant to the provisions contained in Sections 391 to 394 of the Act and all other applicable provisions, if any, of the Act, and without any further act, deed, matter or thing, be and the same shall stand transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company, on a going concern basis as provided under Clause 4 of the Scheme.
- b. With effect from the Appointed Date and upon the Scheme becoming effective, all approvals to operate the Transferred Undertaking, shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory authorities concerned in favour of the Transferee Company. The benefit of any rights, entitlements, any other licenses including those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferred Undertaking, to which the Transferor Company is a party to or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Appointed Date, shall stand vested in or transferred to the Transferee Company.
- c. With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Transferred Undertaking for and on account of and in trust for the Transferee Company as provided in Clause 9 of the Scheme.
- d. On and from the Appointed Date, the Employees who are part of the Transferred Undertaking as may be confirmed by the board of directors of the Transferor Company and the Transferee Company, or their respective delegates, shall be deemed to have ceased to be employees of the Transferor Company, and the Transferee Company shall be deemed to have employed such Employees on the terms and conditions which are not less favorable or on the same terms and conditions on which they are engaged as on the Appointed Date by the Transferor Company without any interruption of service as a result of the transfer.
- e. The services of all such Employees with the Transferor Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said Employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, ESOP plans, terminal benefits, gratuity plans, provident fund plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Transferor Company. However, it is hereby clarified that the management of all the employee stock option plans ("ESOP"), superannuation fund, provident fund, gratuity fund and other funds including any surplus in such funds shall continue to remain with the Transferor Company. It is clarified that the services of the staff, workmen and employees of the Transferred Undertaking of the Transferor Company will be treated as having been continuous for the purpose of the said fund or funds or ESOP plans.
- f. With effect from the Effective Date and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, as may be determined by the board of directors of the Transferor Company, in relation to the Transferred Undertaking to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- g. From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) ("Proceedings") by or against the Transferor Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the Transferred Undertaking shall be continued and enforced by or against the Transferee Company after the Effective Date, to the extent legally permissible. To the extent, such Proceedings cannot be taken over by the Transferee Company, the Proceedings shall be pursued by the Transferor Company as per the instructions of and entirely at the costs and expenses of the Transferee Company.
- h. Subject to the terms and conditions of this Scheme and as may be determined by the board of directors of the Transferor Company and the Transferee Company, in consideration of the transfer of the Transferred Undertaking by the Transferor Company to the Transferee Company in terms of this Scheme, the Transferee Company shall be required to pay a pre-agreed cash consideration of Rs. 19,90,00,00,000/- (Rupees One Thousand Nine Hundred Ninety crore only) to the Transferor Company. The pre-agreed cash consideration would be discharged by the Transferee Company within 30 days of the Effective Date or such other date, as may be mutually decided by the board of directors of the Transferor Company and the Transferee Company.
- i. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Transferor Company as provided in Clause 15 of the Scheme.
- j. The Scheme is conditional upon and subject to the approvals and/or sanctions laid down in Clause 17 of the Scheme.

N.B. - The debenture holders are requested to read the entire text of the Scheme attached herewith to get better acquainted with the provisions thereof. What is stated hereinabove are brief salient features.

GENERAL

28. The Scheme would not be prejudicial to the interests of the creditors (secured and unsecured) of either of the companies. The latest accounts of both companies indicate that they are in a solvent position and would be able to meet liabilities as they arise in the course of business. There is no likelihood that any secured or unsecured creditor of either of the companies would lose or be prejudiced as a result of the Scheme being passed nor are their rights sought to be modified in any manner. Hence, the transfer of the Transferred Undertaking of the Transferor Company to the Transferee Company pursuant to the proposed Scheme will not cast any additional burden on the shareholders or creditors of the Transferor Company or the Transferee Company, nor will it affect the interest of any of the shareholders or creditors. It is submitted that the aggregate assets of the Transferor Company and the Transferee Company are more than sufficient to meet all their respective external liabilities and the Scheme will not adversely affect the rights and interest of any of the creditors of any company in any manner whatsoever.
29. The Board of Directors of the Transferor Company and the Transferee Company have at their respective meetings on 2nd May, 2011 by resolutions passed unanimously, approved the Scheme.
30. No investigation proceedings have been instituted or are pending under Sections 235 to 251 of the Act against the Transferor Company and against the Transferee Company.
31. The following are common directors on the Boards of the Transferee Company and the Transferor Company:
- Mr. F K Kavarana
Mr. F N Subedar
Mr. Janki Ballabh
Mr. H N Sinor
Mr. Praveen P. Kadle
32. The Directors of the Transferor Company and the Transferee Company may be deemed to be concerned and/or interested in the proposed Scheme to the extent of the shares that may be held by them or by the companies, firms, institutions, trusts of which they are Directors, Partners, Members or Trustees in the Transferor Company or the Transferee Company. None of the Directors of the Transferor Company and/or the Transferee Company have any material interest in the Scheme except as shareholders to the extent, which will appear from the Register of Directors' Shareholding maintained by the Transferor Company and the Transferee Company. The shares held by the Directors of the Transferor Company and the Transferee Company, either individually or jointly are, as follows:

TRANSFEROR COMPANY

S.No.	Directors	No of Equity Shares held in the Transferor Company as of June 3, 2011 of Rs. 10 each
1.	Tata Sons Limited jointly with Mr. F K Kavarana	110
2.	Tata Sons Limited jointly with Mr. Ishaat Hussain	105
3.	Tata Sons Limited jointly with Mr. F N Subedar	110
4.	Mr. F K Kavarana, Mr. Ishaat Hussain and Mr. Praveen P. Kadle (Trustees of TCL Employee Welfare Trust)	5,01,70,949
5.	Mr. Praveen P. Kadle (Shares acquired under the Company's Employee Stock Option / Purchase Scheme)	11,00,000

TRANSFEE COMPANY

S.No.	Directors	No of Equity Shares held in the Transferee Company as of June 3, 2011 of Rs. 10 each
1.	Tata Capital Limited jointly with Mr. Praveen P Kadle	1

ACCOUNTING

33. The Financial Results of the Transferor Company and the Transferee Company are set out below:

Transferor Company:

The following summary extracted from the accounts indicates the financial position of the

Transferor Company as on 31st March, 2011, as follows:

Audited Balance Sheet of the Transferor Company as at 31st March, 2011

(Rs in Lakhs)

	As at 31 st March, 2011	As at 31 st March, 2010
SOURCES OF FUNDS :		
1 SHAREHOLDERS' FUNDS		
(a) Share Capital	249,515	209,349
(b) Reserves and Surplus	14,672	7,502
2 LOAN FUNDS		
(a) Secured Loans	877,967	656,692
(b) Unsecured Loans	501,501	327,902
3 TOTAL FUNDS EMPLOYED	1,643,655	1,201,445
APPLICATION OF FUNDS :		
4 FIXED ASSETS		
(a) Gross Block	29,552	19,463
(b) Less : Depreciation and amortisation	4,490	2,043
(c) Net Block	25,062	17,420
(d) Capital Work-in-Progress	1,833	879
	26,895	18,299
5 INVESTMENTS	318,182	181,175
6 DEFERRED TAX ASSETS (NET)	1,830	714
7 CURRENT ASSETS, LOANS AND ADVANCES		
(a) Interest Accrued on Investments	7,088	1,318
(b) Sundry Debtors	2,523	1,039
(c) Cash and Bank Balances	2,128	2,377
(d) Loans and Advances - Financing Activity	1,317,062	1,015,898
(e) Loans and Advances - Others	22,655	22,993
	1,351,456	1,043,625
8 Less : CURRENT LIABILITIES AND PROVISIONS		
(a) Current Liabilities	53,381	47,027
(b) Provisions	4,104	237
	57,485	47,264
9 NET CURRENT ASSETS [(7) Less (8)]	1,293,971	996,361
10 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	2,777	4,896
11 TOTAL ASSETS (NET)	1,643,655	1,201,445

Audited Profit and Loss Account of the Transferor Company for the year ended 31st March, 2011

(Rs in Lakhs)

	For the Year Ended 31 st March, 2011	For the Year Ended 31 st March, 2010
INCOME :		
1 Income from Financing activity	134,608	115,454
2 Investment Income	19,728	16,869
3 Other Income	8,132	5,603
	162,468	137,926
EXPENDITURE :		
4 Interest	98,377	84,245
5 Employee costs	14,428	12,546
6 Other operating expenses	34,643	29,756
7 Depreciation and amortisation	2,552	1,380
8 Amortisation of expenses	2,139	2,471
	152,139	130,398

(Rs in Lakhs)		
	For the Year Ended 31 st March, 2011	For the Year Ended 31 st March, 2010
PROFIT BEFORE TAXES	10,329	7,528
9 PROVISION FOR TAXES		
(a) Current tax	4,308	2,886
(b) Deferred tax	(1,116)	(489)
	3,192	2,397
PROFIT AFTER TAXES	7,137	5,131
Balance brought forward from previous year	826	860
AVAILABLE FOR APPROPRIATION	7,963	5,991
10 APPROPRIATIONS:		
(a) Transfer to Special Reserve	1,427	1,026
(b) Transfer to Debenture Redemption Reserve	5,710	4,105
(c) Proposed Dividend on Preference Shares		
- On 0.1% Compulsory Convertible Non-Cumulative Preference Shares	-	32
- Tax on Dividend	-	5
Excess provision for preference share dividend (including tax thereon) reversed	-	(3)
BALANCE CARRIED TO BALANCE SHEET	826	826

Transferee Company:

The following summary extracted from the accounts indicates the financial position of the Transferee Company as on 31st March, 2011, as follows:

Audited Balance Sheet of the Transferee Company as at 31st March, 2011

(Rs)

	As at 31 st March, 2011
SOURCES OF FUNDS :	
1 SHAREHOLDERS' FUNDS	
(a) Share Capital	25,500,000
(b) Reserves and Surplus	20,551
2 LOAN FUNDS	
(a) Secured Loans	-
(b) Unsecured Loans	-
3 TOTAL FUNDS EMPLOYED	25,520,551
APPLICATION OF FUNDS :	
4 FIXED ASSETS	
(a) Gross Block	-
(b) Less : Depreciation	-
(c) Net Block	-
5 INVESTMENTS	-
6 DEFERRED TAX ASSETS (Net)	-
7 CURRENT ASSETS, LOANS AND ADVANCES	
(a) Inventories	-
(b) Sundry Debtors	340,336
(c) Cash and Bank balances	25,474,500
(d) Other Current Assets	-
(e) Loans and Advances	-
	25,814,836

	(Rs)
	As at 31 st March, 2011
8 Less : CURRENT LIABILITIES AND PROVISIONS	
(a) Current Liabilities	759,844
(b) Provisions	4,677
	764,521
9 NET CURRENT ASSETS [(7) Less (8)]	25,050,315
10 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	470,236
11 TOTAL ASSETS (NET)	25,520,551

Audited Profit and Loss Account of the Transferee Company for the period 19th November, 2010 to 31st March, 2011

	(Rs)
	For the period from 19 th November, 2010 to 31 st March, 2011
1 INCOME	
Income from Services	340,336
	340,336
2 EXPENDITURE	
Administrative & other expenses	300,944
Miscellaneous expenses written off	14,164
PROFIT BEFORE TAXES	25,228
3 PROVISION FOR TAXES	
Current tax	4,677
NET PROFIT FOR THE PERIOD	20,551

INSPECTION

34. The following documents will be open for inspection at the Registered Office of the Transferor Company and the Transferee Company on any working day (except Saturdays, Sundays and Public Holidays) between 9.30 A.M. to 6.00 P.M. prior to the date of the meeting:
- Memorandum and Articles of Association of the Transferor Company and the Transferee Company.
 - Annual Report of the Transferor Company for the financial year 2009-10.
 - Audited Financial Statements of the Transferor Company as on 31st March, 2011.
 - Audited Financial Statements of the Transferee Company as on 31st March, 2011.
 - Certified copy of the Order dated 24th June, 2011 passed by the Hon'ble High Court of Judicature at Bombay in Company Summons for Direction No. 380 of 2011 for the Transferor Company.
 - Certified copy of the Order dated 24th June, 2011 passed by the Hon'ble High Court of Judicature at Bombay in Company Summons for Direction No. 381 of 2011 for the Transferee Company.
 - Register of Directors' shareholdings of the Transferor Company.
 - Register of Directors' shareholdings of the Transferee Company.
 - Copy of the record and proceedings in the Company Summons for Direction No. 380 of 2011 for the Transferor Company.
 - Copy of the record and proceedings in the Company Summons for Direction No. 381 of 2011 for the Transferee Company.
 - A copy of the Scheme of Arrangement, Explanatory Statement, Form of Proxy and Attendance Slip may be obtained from the Registered Office of the Transferor Company.

Praveen P. Kadle
Chairman appointed for the meeting

Dated this 29th day of June, 2011

Registered Office:
One Forbes,
Dr. V B Gandhi Marg,
Fort, Mumbai – 400 001.
Maharashtra.

**SCHEME OF ARRANGEMENT
UNDER SECTION 391 READ WITH SECTION 394
OF THE COMPANIES ACT, 1956
BETWEEN
TATA CAPITAL LIMITED**

...The Transferor Company

**And
TATA CAPITAL FINANCIAL SERVICES LIMITED**

...The Transferee Company

**And
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

In respect of the transfer of an Undertaking of Tata Capital Limited to Tata Capital Financial Services Limited

**SCHEME OF ARRANGEMENT
BETWEEN**

TATA CAPITAL LIMITED

AND

TATA CAPITAL FINANCIAL SERVICES LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

**UNDER SECTION 391 READ WITH SECTION 394
OF THE COMPANIES ACT, 1956**

A: PREAMBLE

1. Tata Capital Limited (“TCL” or “**Transferor Company**”), is a public limited company incorporated under the provisions of the Act (as defined hereinafter) and having its registered office at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai - 400 001, Maharashtra.
2. The Transferor Company is a Non-Banking Financial Company (“**NBFC**”) registered with the Reserve Bank of India (“**RBI**”) as a Systemically Important Non Deposit Accepting NBFC (“**NBFC-ND-SI**”) and offers fund and fee-based financial services to its customers which includes retail, corporate and institutional customers, directly or indirectly through its subsidiaries, across various areas of business namely corporate finance (which includes commercial and infrastructure finance), consumer finance and advisory business, housing finance, securities business, investment banking business, private equity, marketing and distribution of credit cards, foreign exchange business and travel related services and also holds various investments.
3. The Transferor Company is proposed to be registered with RBI as a Systemically Important Core Investment Company (“**CIC-ND-SI**”) as defined by the CIC Guidelines (as defined hereinafter) and will be engaged in the business of investments in securities of Group Companies and investment in other group entities as permitted under the CIC Guidelines, investment advisory business, portfolio management services and management of private equity funds.
4. Tata Capital Financial Services Limited (“**TCFSL**” or “**Transferee Company**”), is an unlisted public limited company incorporated under the provisions of the Act and having its registered office at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai - 400 001, Maharashtra.
5. The Transferee Company is a wholly owned subsidiary of the Transferor Company and is proposed to be registered with RBI as an NBFC and has filed an application in this regard with RBI and will *inter alia* be engaged in the business of offering fund and fee-based financial services to its customers which includes retail, corporate and institutional customers, across various areas of business namely corporate finance (which includes commercial and infrastructure finance), consumer finance, marketing and distribution of credit cards and also hold investments in various entities.
6. This Scheme of Arrangement provides for the transfer of the Transferred Undertaking (as defined hereinafter) of the Transferor Company as a going concern to the Transferee Company and the consequent payment of a pre-agreed cash Consideration (as defined hereinafter) by the Transferee Company to the Transferor Company, pursuant to the relevant provisions of the Act.
7. Both the Transferor Company and the Transferee Company have their registered office within the jurisdiction of the Hon’ble High Court of Bombay. The Transferor Company and the Transferee Company shall therefore make appropriate applications before the Hon’ble High Court of Bombay under Section 391 read with Section 394 of the Act for appropriate orders.

8. Upon the sanction of the Scheme by the Hon'ble High Court of Bombay and the Scheme becoming effective on the Effective Date as set out in Clause 18.2 of the Scheme, the Transferred Undertaking shall stand transferred to and be vested in the Transferee Company on and from the Appointed Date for all intent and purposes.
9. This Scheme also makes provision for various other matters consequential or related thereto and otherwise integrally connected therewith.

B: PARTS OF THE SCHEME

- (i) **Part I** deals with the Definitions and Share Capital;
- (ii) **Part II** deals with the mechanics of the transfer of the Transferred Undertaking by way of a sale of business on a going concern basis for consideration being discharged in cash.

PART I- DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

- (a) **"Act"** means the Companies Act, 1956 or any statutory modification or re-enactment thereof;
- (b) **"Arrangement"** means the term "arrangement" as referred to and understood under the provisions of sections 391 to 394 of the Act;
- (c) **"Appointed Date"** means start of business hours on April 1, 2011 or any other day as may be determined by the respective boards of the Transferor Company and the Transferee Company or their delegates;
- (d) **"CIC Guidelines"** shall mean the RBI Circular No. RBI/2010-11/168 DNBS (PD) CC. No. 197/03.10.001/2010-11 dated August 12, 2010 and RBI Notification No. RBI 2010-11/360 DNBS (PD) CC. No. 206/03.10.001/2010-11 dated January 5, 2011 and any other regulations/ guidelines/ notifications/ clarifications as may be issued by the RBI from time to time in relation to Systemically Important Core Investment Companies (CIC-ND-SI);
- (e) **"Consideration"** shall have the meaning ascribed to it in Clause 14 hereof;
- (f) **"Effective Date"** shall have the meaning ascribed to it in Clause 18.2 hereof;
- (g) **"Group Companies"** shall mean the term "Companies in the Group" as defined by the RBI Notification No. RBI 2010-11/354 DNBS (PD) CC. No. 206/03.10.001/2010-11 dated January 5, 2011, as may be amended from time to time;
- (h) **"High Court of Bombay / Court"** shall mean the Hon'ble High Court of Judicature at Bombay or such other succeeding authorities / Court / Tribunal as may be constituted under law;
- (i) **"Proceedings"** shall have the meaning ascribed to it in Clause 12 hereof;
- (j) **"RBI"** shall mean the Reserve Bank of India;
- (k) **"RBI Act"** shall mean the Reserve Bank of India Act, 1934;
- (l) **"Remaining Business"** shall mean the business of investment advisory business, portfolio management services and management of private equity funds and investments as permitted under the CIC guidelines;
- (m) **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Arrangement in its present form submitted to the High Court of Judicature at Bombay or with any modification(s) made under Clause 19 of this Scheme or with such other modifications / amendments as the High Court of Judicature at Bombay may direct;
- (n) **"Transferred Undertaking"** means the businesses of the Transferor Company other than the Remaining Business of the Transferor Company, which is carried on as a going concern basis by the Transferor Company including its business relating to providing financing and credit facilities to retail, corporate and institutional clients and certain other investments (which do not qualify as investments in "Group Companies" for the purpose of the CIC Guidelines) and in relation to the above mentioned businesses all Assets and Liabilities (as hereinafter defined) of whatsoever nature, as on the Appointed Date.

Without prejudice to the above, the Transferred Undertaking shall also include:

- (i) All assets and properties, 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 all fixed assets, capital work in progress, current assets, reserves, provisions, funds, deferred tax asset, allocable miscellaneous expenditure, all the plant, machinery, equipment, computer, fixtures, fittings, furniture, vehicles, goodwill in relation to the acquisition of construction equipment business and distribution business and other goods, or the provision of services, in respect of the Transferred Undertaking, all assets and facilities, rights (including, *inter alia*, rights under any contracts, government contracts, memoranda of understanding), leases or licenses in relation to office properties, and/or business properties (including tenancies, leases and licenses) and/or residential properties for the employees, offices and depots, financial assets (including but not limited to investments in companies other than Group Companies), privileges, all other claims,

rights and benefits, power and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements, earnest moneys, advances and/or security deposits paid, VAT credits and service tax credits; and all necessary records (whether in physical or electronic form), including records relating to recovery of moneys and all other interests of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company in connection with or pertaining to or relating to the Transferred Undertaking (“**Assets**”);

- (ii) All business contracts, agreement, understanding whether oral or written in connection with or pertaining to or relating to the Transferred Undertaking as may be determined by the board of directors of the Transferor Company (“**Contracts**”);
- (iii) All insurance policies in respect of the Assets of the Transferred Undertaking (“**Insurance Policies**”);
- (iv) All permits, licenses, certificates, entitlements, industrial and other licenses, municipal permissions, approvals, consents pertaining to the Transferred Undertaking other than the licence of the Transferor Company to carry on the business of an NBFC (“**Approvals**”);
- (v) All secured and unsecured debts, liabilities (including contingent liabilities and provisions), deferred tax liability, if any, and obligations of the Transferor Company under or in relation to the business contracts and other obligations, liabilities, duties and sums owing (including without limitation, outstanding liabilities arising in relation to indirect tax, liabilities arising under any contract, or out of the supply of products or services, whether actual or, in the case of periodical payments, accrued, due, or contingent or otherwise payable to any person by the Transferor Company) to the extent that any of the above relate to and/or arise out of the operation of the Transferred Undertaking (“**Liabilities**”);
- (vi) All employees of the Transferor Company, who are employed in relation to or in connection with the Transferred Undertaking as may be mutually confirmed by the board of directors of the Transferor Company and the Transferee Company or their delegates prior to the Effective Date (“**Employees**”).

2. DATE OF COMING INTO EFFECT

- 2.1 The Scheme set out herein in its present form shall have legal effect and force from the Appointed Date but shall be effective from the Effective Date.
- 2.2 Any reference in this Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” or “upon the coming into effect of the Scheme” shall mean the Effective Date.

3. SHARE CAPITAL

- 3.1 The authorized, issued, subscribed and paid up share capital of the Transferor Company as on March 31, 2011 is as under:

Particulars	Rupees in Lakhs
Authorized Share Capital	
475,00,00,000 Equity Shares of Rs. 10/- each	475,000
25,00,000 Redeemable Non-Cumulative Preference Shares of Rs. 1000/- each	25,000
300,00,00,000 Compulsorily Convertible Preference Shares of Rs. 10/- each	300,000
Total	800,000
Issued Share Capital	
255,10,92,570 Equity Shares of Rs. 10/- each	2,55,110
Total	255,110
Subscribed Share Capital	
255,10,18,170 Equity Shares of Rs. 10/- each	255,102
Total	255,102
Paid-Up Share Capital	
255,10,18,170 Equity Shares of Rs. 10/- each fully paid up	255,102
Total	255,102

- 3.2 The authorized, issued, subscribed and paid up share capital of the Transferee Company as on March 31, 2011 is as under:

Particulars	Rupees in Lakhs
Authorized Capital	
50,00,000 Equity Shares of Rs. 10/- each	500
Total	500
Issued, Subscribed and Paid-up	
25,50,000 Equity shares of Rs. 10/- each fully paid up	255
Total	255

PART – II- TRANSFER OF THE TRANSFERRED UNDERTAKING

4. TRANSFER OF TRANSFERRED UNDERTAKING

- 4.1 With effect from the Appointed Date and upon the Scheme becoming effective, the Transferred Undertaking (along with all the assets and debts, outstandings, credits, liabilities, duties and obligations whatsoever relating thereto) shall, pursuant to the provisions contained in Sections 391 to 394 of the Act and all other applicable provisions, if any, of the Act, and without any further act, deed, matter or thing, be and the same shall stand transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company, on a going concern basis, so as to become as and from the Appointed Date, the estate, assets, rights, title, interest and authorities including accretions and appurtenances, of the Transferee Company, free from all encumbrances, but subject to such charges as have been created on the Assets of the Transferred Undertaking, in respect of the loans and advances availed of by the Transferor Company in relation to the Transferred Undertaking transferred to the Transferee Company and identified in this Scheme.
- 4.2 The Transferred Undertaking shall be transferred for the Consideration, as detailed in Clause 14 of the Scheme. It is hereby clarified that the Remaining Business shall continue to vest in the Transferor Company.
- 4.3 With effect from the Appointed Date and upon the Scheme becoming effective, all Approvals to operate the Transferred Undertaking, shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory authorities concerned in favor of the Transferee Company. The benefit of any rights, entitlements, any other licenses including those relating to, tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferred Undertaking, to which the Transferor Company is a party to or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Appointed Date, shall stand vested in or transferred to the Transferee Company pursuant to this Scheme. Further, the Transferor Company shall execute such further deeds, documents, etc. as may be required to give effect to this Clause 4.3.

5. ASSETS

- 5.1 The assets of the Transferred Undertaking shall stand transferred and vested in the following manner:-
- 5.1.1 In respect of Assets that are movable in nature or incorporeal property or are otherwise capable of transfer by physical delivery, by paying over or by endorsement and delivery the same shall be so transferred by the Transferor Company without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company.
- 5.1.2 In respect of any intangible assets of the Transferred Undertaking and movable assets other than those mentioned in Clause 5.1.1 above, including VAT credits, service tax credits, actionable claims, sundry debtors, goodwill in relation to the acquisition of construction equipment business and distribution business, deferred tax asset, allocable miscellaneous expenditure outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, the Transferor Company shall if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Court having sanctioned this Scheme under Section 394 of the Act, the relevant debt, loan, advance or other asset, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company to recover or realize the same stands transferred to the Transferee Company and that appropriate entries should be made in their respective books to record the aforesaid changes.
- 5.1.3 In relation to the assets belonging to the Transferred Undertaking that require execution of separate documents to effect transfer, the Parties will execute the necessary documents in an expeditious way for effective implementation of the transfer. For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that, in so far as the immovable properties comprised in the Transferred Undertaking are concerned, the parties shall register the true copy of the order of the Hon'ble High Court of Judicature at Bombay approving the Scheme with the offices of the relevant sub-registrar of assurance or similar registering authority, having jurisdiction over the territory within which such immovable property is located and shall also execute and register, as required, such other documents which may be necessary in this regard.
- 5.1.4 If any Asset relating to the Transferred Undertaking (including but not limited to any estate, rights, title, interest in or authorities relating to such asset) which the Transferor Company owns, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall (i) hold such asset in trust for the sole

benefit of the Transferee Company till the same is transferred; and (ii) make best efforts to transfer such asset to the Transferee Company within the earliest possible period after the Scheme becomes effective.

- 5.1.5 In so far as assets comprised in the Transferred Undertaking are concerned, the security, existing charges, mortgages and encumbrances, if any, over or in respect of any of the assets or any part thereof or charge over such assets relating to any loans or borrowings of the Transferor Company shall, without any further act or deed, be released and discharged from the same and shall no longer be available as security in relation to those liabilities of the Transferor Company which are not transferred to the Transferee Company.
- 5.1.6 In so far as the assets of the Remaining Business are concerned, the security over such assets, to the extent they relate to the Transferred Liabilities (as defined hereinafter) shall, without any further act, instrument or deed be released and discharged from such security. The absence of any formal amendment which may be required by a lender or third party in order to effect such release shall not affect the operation of the foregoing sentence. Further, in so far as the assets comprised in the Transferred Undertaking are concerned, the security and charge over such assets relating to any liabilities pertaining to the Remaining Business shall without any further act or deed be released from such encumbrance and shall no longer be available as security in relation to any liabilities of the Remaining Business. Without prejudice to the foregoing and with effect from the Effective Date, the Transferor Company and the Transferee Company shall execute all such instruments or documents or do all such acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the concerned Registrar of Companies to give formal effect to the above provisions, if required.
- 5.1.7 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Transferred Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds (including deeds of adherence), confirmations or other conveyances or instruments or tripartite arrangements with any party to any contract or arrangements to which the Transferor Company is a party or any instrument as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities, compliances referred to above on the part of the Transferee Company, to be carried out or performed in relation to or as a consequence of the Transferred Undertaking being transferred by the Transferor Company.
- 5.1.8 All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company pertaining to the Transferred Undertaking after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. Similarly, the banker of the Transferee Company shall honour all cheques issued by the Transferor Company pertaining to the Transferred Undertaking for payment after the Effective Date. If required, the Transferor Company shall allow maintaining of banks accounts in the name of Transferor Company by the Transferee Company for such time as may be determined to be necessary by the Transferee Company and the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Company in connection with the business of the Transferred Undertaking. It is hereby expressly clarified that any legal proceedings by or against the Transferor Company in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company pertaining to the Transferred Undertaking shall be instituted, or as the case may be, continued, by or against, the Transferee Company after the coming into effect of the Scheme.
- 5.1.9 All assets, estate, rights, title, interest and authorities acquired by the Transferor Company after the Appointed Date and prior to the Effective Date for operation of the Transferred Undertaking shall also stand transferred to and vested in the Transferee Company with effect from the Effective Date.

6. LIABILITIES

- 6.1 It is clarified that, with effect from the Effective Date, liabilities and obligations of the Transferor Company including deferred tax liability which arose out of the activities or operations of the Transferred Undertaking as on the Appointed Date shall be deemed to have been transferred to the Transferee Company and to the extent they are outstanding on the Effective Date shall, without any further act or deed be and stand transferred to the Transferee Company, and shall become the liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- 6.2 In so far as loans and borrowings of the Transferor Company are concerned, the loans and borrowings and such amounts pertaining to the general or multipurpose loans and liabilities which are to be transferred to the Transferee Company (collectively the “**Transferred Liabilities**”) being a part of the Transferred Undertaking shall, without any further act or deed, become loans and borrowings of the Transferee Company, and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against the Transferee Company as if it had entered into such loans and incurred such borrowings.
- 6.3 Subject to Clause 6.1, from the Effective Date, the Transferee Company alone shall be liable to perform all obligations in respect of the Transferred Liabilities as the borrower/issuer thereof, and the Transferor Company shall not have any obligations in respect of the Transferred Liabilities.
- 6.4 It is expressly provided that, save as mentioned in this Clause 6, no other term or condition of the Transferred Liabilities shall be modified except to the extent that such amendment is required by necessary implication.
- 6.5 Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date deemed to be transferred to the Transferee Company have been discharged by the Transferor Company after the Appointed

Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company, and all loans raised and used and all liabilities and obligations incurred by the Transferor Company for the operations of the Transferred Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Transferee Company and shall become the liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

- 6.6 The provisions of this Clause 6 shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions.

7. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEE COMPANY

- 7.1 Upon the Scheme becoming effective, the Transferee Company shall account for the Scheme and its effects in its books of account with effect from the Appointed Date as under:
- 7.1.1 The Transferee Company shall record the Assets and Liabilities of the Transferred Undertaking vested in it in accordance with Clauses 5 and 6, at the carrying amounts as appearing in the books of the Transferor Company.
- 7.1.2 The excess, if any, on the difference of the aggregate value of the Assets and the aggregate value of the Liabilities of the Transferred Undertaking taken over pursuant to this Scheme over the Consideration as detailed in Clause 14, be recorded as and credited to the capital reserve account in the books of Transferee Company.
- 7.1.3 The shortfall, if any, on the difference of the aggregate value of the Assets and the aggregate value of the Liabilities of the Transferred Undertaking taken over pursuant to this Scheme over the Consideration as detailed in Clause 14, be recorded as goodwill in the books of Transferee Company.
- 7.1.4 The stamp duty cost and other expenses in connection with this Scheme and matters incidental thereto incurred by the Transferee Company shall be accounted as miscellaneous expenditure in the books of the Transferee Company and amortized as per the accounting policy of the Transferee Company.

8. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY

- 8.1 Upon the Scheme becoming effective, the Transferor Company shall account for the Scheme and its effects in its books of account with effect from the Appointed Date as under:
- 8.1.1 The accounts representing the Assets and Liabilities of the Transferred Undertaking shall stand closed on transfer to the Transferee Company.
- 8.1.2 Any difference arising on account of excess book value of Assets and Liabilities transferred over the Consideration detailed under Clause 14 shall be adjusted by the Transferor Company in its general reserve account. Any difference arising on account of excess of the Consideration over the book value of Assets and Liabilities of the Transferred Undertaking shall be adjusted by the Transferor Company in its general reserve account. Further, upon the coming into effect of this Scheme, the Transferor Company shall write-off all expenses incurred by them in connection with this Scheme and matters incidental thereto, if any, in their profit and loss account.

9. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

- 9.1 With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Transferred Undertaking for and on account of and in trust for the Transferee Company.
- 9.2 All profits accruing to the Transferor Company or losses including tax losses, arising or incurred by the Transferor Company in relation to the Transferred Undertaking for the period commencing from the Appointed Date to the Effective Date shall, for all purposes, be treated as the profits or losses, as the case may be, of the Transferee Company.
- 9.3 Any income or profit accruing or arising to the Transferor Company in relation to the Transferred Undertaking and all costs, charges, expenses, losses or taxes (including but not limited to advance tax, tax deducted at source, etc), arising or incurred by the Transferor Company in relation to the Transferred Undertaking shall for all purposes be treated as the income, profits, costs, charges, expenses and losses, as the case may be, of the Transferee Company.
- 9.4 All compliances with respect to advance tax, withholding taxes or tax deduction at source, etc. to be done or done by the Transferor Company in relation to the Transferred Undertaking shall for all purposes be treated as compliances to be done or done by the Transferee Company.
- 9.5 The Transferor Company hereby confirms that it has, and shall continue upto the Effective Date, to preserve and carry on the Transferred Undertaking with due diligence, prudence and that it will not, without the prior consultation with the Transferee Company, alienate, charge or otherwise deal with or dispose of the Transferred Undertaking or any part thereof or recruit any new employee (in each case except in the ordinary course of business) or employees or undertake substantial expansion of the Transferred Undertaking, other than expansions which have already commenced prior to the Appointed Date.

10. STAFF & EMPLOYEES

- 10.1 On and from the Appointed Date, the Employees who are part of the Transferred Undertaking as may be confirmed by the board of directors of the Transferor Company and the Transferee Company, or their respective delegates, shall be deemed to have ceased to be employees of the Transferor Company, and the Transferee Company shall be deemed to have employed such Employees on the terms and conditions which are not less favorable or on the same terms and conditions on which they are engaged as on the Appointed Date by the Transferor Company without any interruption of service as a result of the transfer.
- 10.2 The services of all such Employees with the Transferor Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said Employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, ESOP plans, terminal benefits, gratuity plans, provident fund plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Transferor Company. However, it is hereby clarified that the management of all the employee stock option plans (“**ESOP**”), superannuation fund, provident fund, gratuity fund and other funds including any surplus in such funds shall continue to remain with the Transferor Company. It is clarified that the services of the staff, workmen and employees of the Transferred Undertaking of the Transferor Company will be treated as having been continuous for the purpose of the said fund or funds or ESOP plans.
- 10.3 Upon the Scheme becoming effective, the Transferor Company and the Transferee Company shall jointly communicate to the Employees a written notice in a form to be mutually agreed between the Transferee Company and the Transferor Company regarding the terms and conditions of employment with the Transferee Company.

11. CONTRACTS, DEEDS, ETC.

- 11.1 With effect from the Effective Date and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, as may be determined by the board of directors of the Transferor Company, in relation to the Transferred Undertaking to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- 11.2 Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the Transferred Undertaking with the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Transferor Company will, if necessary, also be a party to the above. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- 11.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that with effect from the Effective Date, all consents, permissions, licenses, certificates, authorities given by, issued to or executed in favour of the Transferor Company in relation to the Transferred Undertaking shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the rights and benefits under the same shall be available to the Transferee Company.
- 11.4 It is hereby clarified that (i) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Transferred Undertaking to which the Transferor Company is a party to, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company; and (ii) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature relate to the Transferred Undertaking as well as the Transferor Company (pursuant to the transfer of the Transferred Undertaking), the Transferor Company and the Transferee Company shall both be entitled to all rights and benefits and be liable for all obligations under the said arrangements, each to the extent of its respective undertaking only.

12. LEGAL PROCEEDINGS

- 12.1 From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) (“**Proceedings**”) by or against the Transferor Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the Transferred Undertaking shall be continued and enforced by or against the Transferee Company after the Effective Date, to the extent legally permissible. To the extent, such Proceedings cannot be taken over by the Transferee Company, the Proceedings shall be pursued by the Transferor Company as per the instructions of and entirely at the costs and expenses of the Transferee Company.
- 12.2 If the Proceedings are taken against the Transferor Company in respect of the matters referred to in Clause 12.1 above, it shall defend the same in accordance with the advice and instructions of the Transferee Company and at the cost of the Transferee Company, and the latter shall reimburse and indemnify and hold harmless the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.

13. INTELLECTUAL PROPERTY

- 13.1 It is clarified that notwithstanding anything to the contrary contained herein, all rights relating to patents, designs and drawings, trademarks, service marks, logos, domain names and utility models, copyrights, inventions and brand names which are possessed and/or owned by the Transferor Company including the right to use the "Tata" brand name, or the benefit of the Tata Brand Equity and Business Promotion Agreement entered into between the Transferor Company and Tata Sons Limited, and business names and any similar rights and the benefit of any of the foregoing ("**Intellectual Property**") shall be retained by the Transferor Company.
- 13.2 Notwithstanding the Scheme coming into effect, the Transferor Company would retain to itself and would not be deemed to have assigned to the Transferee Company, the Intellectual Property along with all the commercial advantages associated with it.

14. CONSIDERATION

- 14.1 Subject to the terms and conditions of this Scheme and as may determined by the board of directors of the Transferor Company and the Transferee Company, in consideration of the transfer of the Transferred Undertaking by the Transferor Company to the Transferee Company in terms of this Scheme, the Transferee Company shall be required to pay a pre-agreed cash Consideration of Rs. 19,90,00,00,000/- (Rupees One Thousand Nine Hundred Ninety crore only) to the Transferor Company. The pre-agreed cash Consideration would be discharged by the Transferee Company within 30 days of the Effective Date or such other date, as may be mutually decided by the board of directors of the Transferor Company and the Transferee Company.

15. REMAINING BUSINESS

- 15.1 The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Transferor Company.
- 15.2 Any legal or other proceedings by or against the Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Transferor Company in respect of the Remaining Business) shall be continued and enforced by or against the Transferor Company, which shall keep the Transferee Company fully indemnified in that regard. The Transferee Company shall in no event be responsible or liable in relation to any such legal or other proceeding against the Transferor Company.

PART III- GENERAL TERMS AND CONDITIONS

16. APPLICATION TO COURT

The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make applications/petitions to the Hon'ble High Court of Bombay, under whose jurisdiction the registered office of the Transferor Company and the Transferee Company are situated, for sanctioning this Scheme under Sections 391 to 394 of the Act and other applicable provisions of the Act, and for such other orders as the High Court may deem fit for carrying the Scheme into effect and all matters ancillary or incidental thereto.

17. CONDITIONALITY OF THE SCHEME

- 17.1 This Scheme is and shall be conditional upon and subject to:
- 17.1.1 the Scheme being approved by the requisite majorities in number and value of such classes of persons including the members and/ or creditors of the Transferor Company and the members and/ or creditors of the Transferee Company as may be directed by the Court or any other competent authority, as may be applicable;
- 17.1.2 the Scheme being sanctioned by the High Court of Bombay or any other authority under Sections 391 to 394 of the Act and to the necessary orders of the High Court of Bombay or other appropriate authority being obtained;
- 17.1.3 the Transferee Company being granted a certificate of registration by RBI to commence/ carry on the business of a Non-Banking Financial Institution under sub-section (1) of Section 45-IA of the RBI Act;
- 17.1.4 the Transferor Company being granted a certificate of registration by RBI to commence/ carry on the business of a CIC-ND-SI under sub-section (1) of Section 45-IA of the RBI Act read with the CIC Guidelines; and
- 17.1.5 all other sanctions and approvals as may be required by law in relation to the transfer of the Transferred Undertaking, the continuation of the business of the Transferred Undertaking by the Transferee Company or in relation to any of the provisions of this Scheme being obtained.

18. OPERATIONALIZATION OF THE SCHEME

- 18.1 This Scheme although to have legal effect and force from the Appointed Date shall not become effective (irrespective of whether any of the individual actions under Clause 17 or this Clause 18 have been completed) until the last of the following dates, namely:
- 18.1.1 the date on which the last of the consents, approvals, permissions, resolutions and orders as mentioned in Clause 17.1 shall have been obtained or passed; or
- 18.1.2 the date on which all necessary certified copies of orders under Sections 391 to 394 of the Act shall be duly filed with the Registrar of Companies, Mumbai, Maharashtra.
- 18.2 The last of such dates shall be the "**Effective Date**" for the purpose of this Scheme.

19. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 19.1 Notwithstanding anything to the contrary contained in this Scheme, the Transferor Company and the Transferee Company by their respective board of directors or such other person or persons, as the respective board of directors may authorize including any committee or sub-committee thereof, may make and/or consent to any modifications / amendments (i) to the Scheme (including but not limited to the terms and conditions thereof) or (ii) to any conditions or limitations that the court or any other authority may deem fit to direct or impose; or (iii) which may otherwise be considered necessary, desirable or appropriate by them.
- 19.2 The Transferor Company and the Transferee Company by their respective board of directors or such other person or persons, as the respective board of directors may authorize including any committee or sub-committee thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith, including but not limited to any questions relating to whether any assets or liabilities of the Transferor Company are included in the definition of "Transferred Undertaking".
- 19.3 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegates of the Transferor Company and the Transferee Company may give and are hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

20. COMPLIANCE WITH TAX LAWS

- 20.1 Upon the Scheme coming into effect, the Transferee Company may, if it considers necessary or expedient, revise its income tax returns, services tax returns, sales tax returns and other tax returns, and claim refunds and/or credits, etc. pertaining to the Transferred Undertaking pursuant to the provisions of the Scheme.
- 20.2 Upon the Scheme coming into effect, the Transferor Company is also expressly permitted to revise its income tax returns, services tax returns, sales tax returns and other tax returns, and to claim refunds and /or credits, etc. pertaining to the Remaining Business pursuant to the provisions of the Scheme.

21. COSTS, CHARGES & EXPENSES

- 21.1 All costs, charges, taxes 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 by the Transferee Company.

22. REVOCATION AND SEVERABILITY

- 22.1 In the event of any of the approvals referred to in Clause 17 above not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the Hon'ble High Court of Judicature at Bombay and/or order or orders not being passed as aforesaid before March 31, 2012 or such other date as may be mutually agreed upon by the respective board of directors of the Transferor Company and the Transferee Company (who are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s)), this Scheme shall stand revoked, cancelled and be of no effect.
- 22.2 In the event of revocation under Clause 22.1, no rights and liabilities whatsoever shall accrue to or be incurred inter se to the Transferor Company and the Transferee Company or their respective shareholders or creditors or employees or any other person 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 in accordance with the applicable law and in such case, the Transferor Company shall bear all costs.
- 22.3 The boards of directors of the Transferor Company and the Transferee Company shall be entitled to revoke, cancel and declare the Scheme of no effect if the boards of directors are of the view that the coming into effect of the Scheme could have adverse implications on the Transferor Company and/ or the Transferee Company.
- 22.4 If any part of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

23. SAVING OF CONCLUDED TRANSACTIONS

- 23.1 The transfer and vesting of the assets, liabilities and obligations of the Transferred Undertaking as per this Scheme and the continuance of the legal proceedings by or against the Transferee Company shall not affect any transaction or proceedings already completed by the Transferor Company on or before the Appointed Date to the end and intent that the Transferee Company accepts all acts, deeds and things done and executed by and/or on behalf of the Transferor Company as acts deeds and things done and executed by and on behalf of the Transferee Company.

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 380 OF 2011**

In the matter of:
The Companies Act, 1956;

And

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

And

In the matter of:
Tata Capital Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai - 400 001, Maharashtra

And

In the matter of:
The Scheme of Arrangement of Tata Capital Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai - 400 001, Maharashtra ("**Applicant Company**" or "**Transferor Company**") and Tata Capital Financial Services Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai - 400 001, Maharashtra ("**Transferee Company**") and their respective members and creditors.

Tata Capital Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai - 400 001, Maharashtra) Applicant Company

FORM OF PROXY

I/We, the undersigned, being the Debenture Holder(s) of Tata Capital Limited (the "**Applicant Company**") holding Unsecured, Redeemable Non-Convertible Debentures of the Applicant Company issued pursuant to the debenture trust deed dated 3rd August, 2009 do hereby appoint _____ of _____; and failing him _____ of _____, as my/our proxy, to act for me/us at the meeting of the Debenture Holders of Tata Capital Limited holding Unsecured, Redeemable Non-Convertible Debentures of the Applicant Company issued pursuant to the debenture trust deed dated 3rd August, 2009 to be held at the Rama Watumull Auditorium, Kishanchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 on Tuesday, the 9th day of August 2011 at 12.30 P.M., for the purpose of considering and if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement which, *inter alia*, provides for the transfer of the Transferred Undertaking of the Transferor Company as a going concern to the Transferee Company and the consequent payment of a pre-agreed cash consideration by the Transferee Company to the Transferor Company under Sections 391 – 394 and other applicable provisions of the Companies Act, 1956, with effect from April 1, 2011 (hereinafter referred to as the "**Scheme**") and at such meeting and any adjournment thereof, to vote, for me/us and in my name/our name(s) _____ (here, if for, insert 'for', if against, insert 'against' and in the latter case strike out the words "either with or without modifications" after the word "**Scheme**") the said arrangement embodied in the Scheme, either with or without modification(s), as my/our proxy may approve.

Dated this _____ day of _____ 2011.

Name : _____

Address : _____

Affix
Re. 1/-
Revenue
Stamp

Signature across the Stamp

DP.ID.* _____ Client ID.* _____

Folio No. _____ No. of Unsecured Redeemable Non-Convertible Debentures held _____

Name of the Debenture Holder(s) _____

Signature of Sole Holder/First Holder _____

Signature of Second Holder _____ Signature of Third Holder _____

*Applicable for debenture holders holding shares in dematerialised form

Notes:

1. Alterations, if any, made in the Form of Proxy should be initialled.
2. Proxy must be deposited at the Registered Office of the Applicant Company, not later than 48 hours before the time scheduled/fixed for the said meeting.
3. In case of multiple proxies, the proxy later in time shall be accepted.



Registered Office : One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai - 400 001, Maharashtra

ATTENDANCE SLIP

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING AUDITORIUM

DP.ID.* _____ Client ID.* _____

Folio No. _____ No. of Unsecured Redeemable Non-Convertible Debentures held _____

NAME AND ADDRESS OF THE DEBENTURE HOLDER (in block letters):

NAME AND ADDRESS OF THE PROXY HOLDER (in block letters, to be filled in by the proxy attending instead of the Debenture Holder):

NAME AND ADDRESS OF THE AUTHORISED REPRESENTATIVE (in block letters, to be filled in by the authorised representative attending instead of the Debenture Holder):

I hereby record my presence at the meeting, convened pursuant to the Order dated 24th June, 2011 of the Hon'ble High Court of Judicature at Bombay of the Debenture Holders of the Company holding Unsecured, Redeemable, Non-Convertible Debentures of the Company issued pursuant to the debenture trust deed dated 3rd August, 2009 on Tuesday, the 9th day of August 2011 at 12.30 P.M. at the Rama Watumull Auditorium, Kishanchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020.

Signature of the Debenture Holder or Proxy or Authorised Representative: _____

*Applicable for debenture holders holding shares in dematerialised form

Notes:

1. Debenture Holder/ Proxy holder/ Authorised Representative wishing to attend the Meeting must bring the Attendance Slip to the Meeting when he/ she comes to the meeting and hand it over at the gate after affixing his/ her signature on it.
2. Debenture Holder/ Proxy holder/ Authorised Representative desiring to attend the Meeting should bring his / her copy of the Notice for reference at the Meeting.