

**COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION**

**BETWEEN**

**SUNDARAM FINANCE LIMITED**

**AND**

**SUNDARAM INSURANCE BROKING SERVICES LIMITED**

**AND**

**INFREIGHT LOGISTICS SOLUTIONS LIMITED**

**AND**

**SUNDARAM BPO INDIA LIMITED**

**AND**

**SUNDARAM FINANCE INVESTMENTS LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**


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**PREAMBLE**

**A. Description of the Companies**

- (a) **Sundaram Finance Limited ('SFL' or 'Sundaram Finance')** is a public company and a non-banking finance company registered with the Reserve Bank of India, primarily engaged in providing finance for purchase of commercial vehicles, cars, multi-utility vehicles, construction equipment, farm equipment and working capital. It is also engaged in the distribution of financial products like insurance, home loans, mutual funds, deposits, etc. The equity shares of SFL are listed on the National Stock Exchange of India Limited. The Company has its registered office at 21, Patullos Road, Chennai 600 002.
- (b) **Sundaram Insurance Broking Services Limited ('SIBSL')** is an unlisted public company and a wholly owned subsidiary of Sundaram Finance Limited, which was incorporated for engaging in the business of insurance broking for all kinds of insurable perils including life.

**Certified True Copy  
For Sundaram Finance Limited**

  
**P. V. Swaminathan  
Secretary & Compliance Officer**

medical and other forms general insurance. The Company has its registered office at 21, Patullos Road, Chennai 600 002.

- (c) **Infreight Logistics Solutions Limited ('Infreight')** is an unlisted public company and a wholly owned subsidiary of Sundaram Finance Limited which was engaged in logistics services and solutions. The Company has its registered office at 21, Patullos Road, Chennai 600 002.
- (d) **Sundaram BPO India Limited ('Sundaram BPO')** is an unlisted public company and a subsidiary of SFL. It is engaged in the business of carrying on business process outsourcing services, call centres, contact centres and other activities relating to information technology enabled services in areas of accounting, insurance, banking, human resources, health care, legal, telecom etc. The Company has its registered office at 21, Patullos Road, Chennai 600 002.
- (e) **Sundaram Finance Investments Limited ('SFIL')** is an unlisted public company and a wholly owned subsidiary of SFL, engaged in the business of making all types of investments. The Company has its registered office at 21, Patullos Road, Chennai 600 002.

#### **B. Purpose of the Scheme**

It is proposed to:

- Merge SIBSL and Infreight ('the Transferor Companies') into SFL;
- Demerge the shared services business of Sundaram BPO into SFL and then
- Demerge non-core business activities of SFL into SFIL.

#### **C. Rationale of the Scheme**

The amalgamation of the Transferor Companies into SFL would:

- Bring about operational efficiencies and reduction of administrative and managerial overheads as well as multiplicity of legal compliances.

The demerger of the shared services division of Sundaram BPO into SFL would:

- Facilitate the consolidation of the shared services activities / business carried on by Sundaram BPO to group companies along with similar services rendered by SFL for the



purpose of achieving administrative efficiencies and economies of scale while servicing such group companies.

- Enable maintenance of an optimal shareholding structure.

The demerger of non-core business activities of SFL into SFIL (which would include the consolidated shared services business) would:

- Unlock the value of the non-core business, including investments in non-financial services related businesses, to maximize shareholders' wealth.
- Create a platform for shareholders to participate in the growth prospects of the non-core investments/business.
- Enable the attribution of appropriate risk and valuation to the concerned businesses based on its risk-return profile and cash flows.
- Ensure dedicated leadership and management in respect of the core and non-core businesses;
- Provide greater visibility on the performance of the businesses;
- Ring fence the core and non-core activities,
- Facilitate investments by strategic players; and
- Facilitate effective provisioning of shared services to group companies as well as affiliates.

In view of the aforesaid, the Board of Directors of all the above Companies have considered and proposed this Composite Scheme of Arrangement and Amalgamation under the provisions of Sections 230 to 232 of the Companies Act, 2013.



#### **D. Parts of the Scheme**

The Scheme is divided into the following parts:

1. PART A which deals with definition, date of taking effect & share capital.
2. PART B which deals with amalgamation of Transferor Companies with SFL.
3. PART C which deals with demerger and vesting of the shared services division of Sundaram BPO into SFL.
4. PART D which deals with demerger and vesting of non-core business activities of SFL into SFIL.
5. PART E which deals with General terms and conditions.

#### **PART A - DEFINITION, DATE OF TAKING EFFECT & SHARE CAPITAL**

##### **1. DEFINITIONS**

In this scheme, unless inconsistent with the subject, the following expression shall have the meanings respectively assigned against them:

- 1.1 "Act" means the Companies Act, 2013 and shall include any statutory modification, re-enactment or amendments thereof for the time being in force.
- 1.2 "Appointed Date" means:
  - 1.2.1 For the purpose of Parts B and C of this Scheme, the opening hours of business on 01 April 2016.
  - 1.2.2 For the purpose of Part D of this Scheme, 01 April 2016, after giving effect to Parts B and C of the Scheme.
- 1.3 "Board" means the Board of Directors of any of the parties to the Scheme, as the context may require, and shall include any committee thereof.
- 1.4 "Charter Documents" means Memorandum of Association and Articles of Association.
- 1.5 "Core Business" means the non-banking financial services business of SFL including allied businesses such as distribution of financial products like insurance, home loans, mutual funds, deposits etc. and investments in companies engaged in insurance, home finance, asset management and trusteeship services, fund services, credit information services and other financial services.



- 1.6 **"Demerged Company" or "Transferee Company"** means Sundaram Finance Limited having its registered office at 21, Patullos Road, Chennai 600 002.
- 1.7 **"Demerger"** shall have the same meaning as defined under section 2(19AA) of the Income Tax Act, 1961.
- 1.8 **"Effective Date"** means the last of the dates on which the conditions specified in Clause 42 (Part E) of this Scheme are fulfilled with respect to the Scheme. Any references in this Scheme to "upon the Scheme becoming effective" shall mean the "Effective Date";
- 1.9 **"NCLT" or "Tribunal"** means the National Company Law Tribunal as constituted as per the relevant provisions of the Companies Act, 2013 at Chennai for approving any scheme of arrangement, compromise or reconstruction of companies.
- 1.10 **"Non-Core Business"** means identified business activities undertaken by SFL other than Core Business and shall include the training services rendered by SFL and the Sundaram BPO Demerged Undertaking vested in it pursuant to Part C of this Scheme.
- 1.11 **"Record Date"** means:  
  
For the Purposes of Part D of the Scheme, such date to be mutually fixed by the Board of Directors of the Resulting Company and SFL or any committee / person duly authorised by the Board of Directors, after the Effective Date, to determine the members of the Demerged Company to whom equity shares of the Resulting Company will be allotted pursuant to Part D of this Scheme
- 1.12 **"Remaining Undertaking of SFL"** means all business and undertaking of SFL other than the SFL Demerged Undertaking.
- 1.13 **"Remaining Undertaking of Sundaram BPO"** means all business and undertaking of Sundaram BPO other than the Sundaram BPO Demerged Undertaking.
- 1.13.1 **"Resulting Company"** means Sundaram Finance Investments Limited, an unlisted public company having its registered office at 21, Patullos Road, Chennai 600 002.
- 1.14 **"Scheme" or "the Scheme" or "this Scheme"** means this Composite Scheme of Arrangement and Amalgamation in its present form or with any modification(s) as approved or directed by the Tribunal.
- 1.15 **"Shared Services Business"** shall mean the services in the nature of information technology enabled services in areas of accounting, insurance, banking, human resources, health care, legal, telecom etc. and administrative, managerial, maintenance, document



processing, data entry, reconciliation, training & orientation and other support services to SFL and its affiliates/group concerns.

**1.16 "Sundaram BPO Demerged Undertaking" shall mean the undertaking of Sundaram BPO that is engaged in Shared Services Business and all related activities as a going concern and shall include (without limitation) the following:**

- (a) All the assets and properties of Sundaram BPO as on the Appointed Date (hereinafter referred to as "the said assets") pertaining to the Sundaram BPO Demerged Undertaking;
- (b) All the debts, liabilities, duties and obligations including contingent liabilities of Sundaram BPO pertaining to the Sundaram BPO Demerged Undertaking;
- (c) Without prejudice to the generality of above, the Sundaram BPO Demerged Undertaking shall include the movable and immovable properties including land and building, plant and machinery, equipment, furniture, fixtures, vehicles, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, bank balance (to the extent as may be required by the Board), investments, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, licenses, contracts, agreements, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required, goodwill, other intangibles, permits, authorisations, trademarks, trade names, labels, brands including patents, patent rights, copyrights, designs, and other industrial and intellectual properties and rights of any nature whatsoever including designs, know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail telephones, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverables and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, permissions, and approvals of whatsoever nature (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as



credit for advance tax, taxes deducted at source, minimum alternate tax etc, unutilised deposits or credits, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, etc.) and wheresoever situate, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Sundaram BPO Demerged Undertaking.

- (d) all permanent employees and / or labour employed on contractual basis engaged in or in relation to the Sundaram BPO Demerged Undertaking as on the Effective Date;
- (e) all records, files, papers, engineering and process information, computer programs, computer softwares, manuals, data catalogues, quotations, sales and advertising materials, records of standard operating procedures, list of present and former customers and suppliers, customers credit information, customers pricing information and other records, whether in physical form or electronic form in connection with or relating to the Sundaram BPO Demerged Undertaking.

**Explanation A:** Whether any particular asset or employee should be included as asset or employee of the Sundaram BPO Demerged Undertaking or otherwise shall be decided mutually by the Board of Directors or any committee thereof of SFL and Sundaram BPO.

**Explanation B:** For the purpose of this Scheme, it is clarified that liabilities pertaining to the Sundaram BPO Demerged Undertaking shall comprise of the following:

- (a) The liabilities, which arise out of the activities or operations of Sundaram BPO Demerged Undertaking;
- (b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the Sundaram BPO Demerged Undertaking;
- (c) Liabilities, if any, other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the Remaining Undertaking of Sundaram BPO, being the amounts of general or multipurpose borrowings of Sundaram BPO shall be allocated to the Sundaram BPO Demerged Undertaking in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of Sundaram BPO immediately before giving effect to this Scheme. The parties shall mutually agree upon the identification of the liabilities to be transferred to SFL as liabilities pertaining to the Sundaram BPO Demerged Undertaking.



Explanation C: Any question that may arise as to whether a specified liability pertains or does not pertain to the Sundaram BPO Demerged Undertaking or whether it arises out of the activities or operations of Sundaram BPO Demerged Undertaking shall be decided by mutual agreement between the Board of Directors or any Committee thereof of Sundaram BPO and SFL.

1.17 "SFL Demerged Undertaking" shall mean the undertaking of SFL that is engaged in Non-Core Business and all related activities as a going concern and shall include (without limitation) the following:

- (a) All the assets and properties of SFL as on the Appointed Date (hereinafter referred to as "the said assets") pertaining to the SFL Demerged Undertaking;
- (b) All the debts, liabilities, duties and obligations including contingent liabilities of SFL pertaining to the SFL Demerged Undertaking.
- (c) Without prejudice to the generality of above, the SFL Demerged Undertaking may include the movable and immovable properties including land and building viz. (a) Land and Building at Kodaikanal forming part of Survey No. 98 and 98/3B [New Survey Nos. 9/3B1B and 98/3B1C] (b) Land and Building at Chemiers Road, Mylapore, Chennai - 600 028 forming part of Survey Nos. 3934,3935,3941,3942 and 3949 (c) Land and Building at Poonamalle Village, Snperumbudur Taluk forming part of Survey Nos. 230, 232/1B2, 232/2, 264, 267/1 and 288; plant and machinery, equipment, furniture, fixtures, vehicles, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, bank balance (to the extent as may be required by the Board), investments viz. investments in (a) The Dunes Oman LLC (FZC); (b) Flometallic India Pvt Ltd; (c) Axles India Ltd, (d) Transenergy Ltd, (e) Sundaram Hydraulics Limited, (f) Sundaram Dynacast Private Limited; (g) Turbo Energy Private Limited; (h) India Motor Parts and Accessories Limited; (i) Sundaram Clayton Ltd, (j) Wheels India Limited; (k) Brakes India Private Limited; (l) Lucas-TVS Limited; (m) Delphi TVS Diesel Systems Limited, (n) TVS Investments Ltd, (o) Vishnu Forge Industries Limited, (p) Techtran Polylenes Limited; (q) Sundaram Business Services Limited; (r) Sundaram BPO India Limited], claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, licenses, contracts, agreements, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required.





goodwill, other intangibles, permits, authorisations, trademarks, trade names, labels, brands including patents, patent rights, copyrights, designs, and other industrial and intellectual properties and rights of any nature whatsoever including designs, know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail telephones, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverables and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, permissions, and approvals of whatsoever nature (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, minimum alternate tax etc, unutilised deposits or credits, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, etc.) and wheresoever situate, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the SFL Demerged Undertaking.

- (d) all permanent employees and / or labour employed on contractual basis, engaged in or in relation to the SFL Demerged Undertaking as on the Effective Date;
- (e) all records, files, papers, engineering and process information, computer programs, computer softwares, manuals, data catalogues, quotations, sales and advertising materials, records of standard operating procedures, list of present and former customers and suppliers, customers credit information, customers pricing information and other records, whether in physical form or electronic form in connection with or relating to the SFL Demerged Undertaking.

Explanation A: Whether any particular asset or employee should be included as asset or employee of the SFL Demerged Undertaking or otherwise shall be decided mutually by the Board of Directors or any committee thereof of SFL and the Resulting Company.

Explanation B: For the purpose of this Scheme, it is clarified that liabilities pertaining to the SFL Demerged Undertaking shall comprise of the following:



- (d) The liabilities, which arise out of the activities or operations of SFL Demerged Undertaking;
- (e) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the SFL Demerged Undertaking;
- (f) Liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the Remaining Undertaking of SFL, being the amounts of general or multipurpose borrowings of SFL shall be allocated to the SFL Demerged Undertaking in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of SFL immediately before giving effect to this Scheme. The parties shall mutually agree upon the identification of the liabilities to be transferred to the Resulting Company as liabilities pertaining to the SFL Demerged Undertaking.

**Explanation C:** Any question that may arise as to whether a specified liability pertains or does not pertain to the SFL Demerged Undertaking or whether it arises out of the activities or operations of SFL Demerged Undertaking shall be decided by mutual agreement between the Board of Directors or any Committee thereof of SFL and the Resulting Company.

For the avoidance of doubt, it is hereby clarified that all borrowings in SFL pertain / relate to the Core business.

- 1.18 "SFL Equity Shares" shall mean the equity shares of SFL having a par value of Rs. 10/- each and having one vote each.
- 1.19 "SFL Equity Shareholders" shall mean the shareholders of SFL holding SFL Equity Shares.
- 1.20 "Transferor Companies" means SIBSL and Infreight.
- 1.21 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulations Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modifications or re-enactment thereof from time to time.

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

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Tribunal, shall be effective from the Appointed Date but shall be operative from the Effective Date.



3. **SHARE CAPITAL**

3.1 The share capital of Sunderam Finance Limited as at 31 March 2018 was as under:

Share Capital	Amount in Rs.
<b><u>Authorised Share Capital</u></b>	
25,00,00,000 Equity Shares of Rs.10/- each	2,50,00,00,000
<b><u>Issued, subscribed and paid-up Share Capital</u></b>	
11,11,03,880 Equity Shares of Rs. 10/- each	1,11,10,38,800

There has been no change in the capital structure of SFL subsequently

3.2 The share capital of Sunderam Insurance Broking Services Limited as at 31 March 2018 was as under:

Share Capital	Amount in Rs.
<b><u>Authorised Share Capital</u></b>	
10,00,000 Equity shares of face value of Rs.10/- each	1,00,00,000
<b><u>Issued, subscribed and paid-up Share Capital</u></b>	
5,00,000 Equity shares of face value of Rs. 10/- each	50,00,000

The entire equity share capital of SIBSL is held by SFL. There has been no change in the capital structure of SIBSL subsequently.

3.3 The share capital of Infreight Logistics Solutions Limited as at 31 March 2018 was as under:

Share Capital	Amount in Rs.
<b><u>Authorised Share Capital</u></b>	
1,01,00,000 Equity Shares of Rs. 10/- each	10,10,00,000
<b><u>Issued, subscribed and paid-up Share Capital</u></b>	
56,11,200 Equity Shares of Rs. 10/- each	5,61,12,000



The entire share capital of Infreight is held by SFL. There has been no change in the capital structure of Infreight subsequently.

3.4 The share capital of Sundaram BPO India Limited as at 31 March 2016 was as under:

Share Capital	Amount in Rs.
<b><u>Authorized Share Capital</u></b> 1,52,50,000 Equity Shares of Rs. 10/- each	15,25,00,000
<b><u>Issued, subscribed and paid-up Share Capital</u></b> 89,51,259 Equity Shares of Rs. 10/- each	8,95,13,000

The equity share capital of Sundaram BPO is held by SFL and the Resulting Company in the proportion of 84.25% and 15.75% respectively. There has been no change in the capital structure of Sundaram BPO subsequently.

3.5 The share capital of Sundaram Finance Investments Limited as at 31 March 2016 was as under:

Share Capital	Amount in Rs.
<b><u>Authorized Share Capital</u></b> 30,00,000 Equity shares of face value of Rs. 10/- each	3,00,00,000
<b><u>Issued, subscribed and paid-up Share Capital</u></b> 5,00,000 Equity shares of face value of Rs. 10/- each	50,00,000

The Share capital has subsequently been increased as under:

Share Capital	Amount in Rs.
<b><u>Authorized Share Capital</u></b> 2,50,00,000 Equity shares of face value of Rs. 10/- each	25,00,00,000
<b><u>Issued, subscribed and paid-up Share Capital</u></b> 2,00,00,000 Equity shares of face value of Rs. 10/- each	20,00,00,000

The entire equity share capital of SFIL is held by SFL.



## **PART B - AMALGAMATION OF TRANSFEROR COMPANIES WITH SFL**

### **4. TRANSFER AND VESTING OF UNDERTAKING OF TRANSFEROR COMPANIES**

This Part of the Scheme has been drawn up to comply with the conditions relating to "amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961, such that the modification does not affect other parts of the Scheme.

With effect from the Appointed Date and upon coming into effect of the Scheme, the entire business and undertaking of the Transferor Companies shall in accordance with Section 2(1B) of the Income-tax Act, 1961, stand transferred to and be vested in or deemed to be transferred to and vested in SFL as a going concern.

Without prejudice to the generality of the above said Clause:

- 4.1 With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and properties of the Transferor Companies, shall, pursuant to the provisions contained in Sections 230 to 232 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in SFL so as to vest in SFL all rights, title and interest pertaining to the Transferor Companies.
- (i) All the movable assets pertaining to the Transferor Companies, which are capable of being physically transferred including cash on hand, shall be physically handed over by delivery to SFL to the end and intent that the property therein passes to SFL. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of Transferor Companies and SFL;
  - (ii) In respect of other assets pertaining to the Transferor Companies including actionable claims, sundry debtors, 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, SFL may issue notices stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of SFL as the



person entitled thereto, to the end and intent that the right of the Transferor Companies to receive, recover or realize the same, stands transferred to SFL and that appropriate entries should be passed in their respective books to record the aforesaid changes;

- (iii) all immovable properties (including land together with the buildings and structures standing thereon) of the Transferor Companies whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in SFL, without any act or deed done by the Transferor Companies or SFL. With effect from the Appointed Date, SFL shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of SFL shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Tribunal and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on the part of SFL;
- (iv) In respect of such of the assets belonging to the Transferor Companies other than those referred to in clauses (i) to (iii), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in SFL on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

4.2 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description of the Transferor Companies under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act and without any further act or deed, be transferred to or be deemed to be transferred to SFL so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of SFL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

4.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by the Transferor Companies shall stand vested in or transferred to SFL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of SFL and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to SFL as if they were



originally obtained by SFL. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Transferor Companies, are concerned, the same shall vest with and be available to SFL on the same terms and conditions as applicable to the Transferor Companies, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to SFL.

- 4.4 The transfer and vesting of the entire business and undertaking of the Transferor Companies as aforesaid shall be subject to the existing securities, charges, mortgages, if any, in respect of any assets of the Transferor Companies.

*Provided* always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by the Transferor Companies and SFL shall not be obliged to create any further or additional security thereof after the Effective Date or otherwise.

## 5. CONSIDERATION

- 5.1 Since the entire share capital of the Transferor Companies are held by SFL, no shares or consideration shall be issued / payable by SFL pursuant to this Part of the Scheme.
- 5.2 The entire share capital of the Transferor Companies shall stand cancelled.

## 6. ACCOUNTING TREATMENT IN THE BOOKS OF SFL

- 6.1 Upon the Scheme becoming effective and from the Appointed Date, the amalgamation of the Transferor Companies with SFL shall be accounted as per the purchase method of accounting specified in Accounting Standard 14 issued by the Institute of Chartered Accountants of India.
- 6.2 Inter-company balances and investments shall stand cancelled.
- 6.3 The difference between the value of assets and liabilities recorded pursuant to Clause 6.1 and the value of investment in the Transferor Companies as reflected in the books of SFL shall be debited to Goodwill or credited to Capital Reserve as the case may be.
- 6.4 In case of any differences in accounting policy between SFL and the Transferor Companies, the accounting policies, as may be directed by the Board of Directors of SFL will prevail and the difference till the Appointed Date will be quantified and adjusted in the General Reserve Account or any other reserve as may be determined by the Board of Directors of SFL, to ensure that the financial statements of SFL reflect the financial position on the basis of consistent accounting policy.



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

- 7.1 The Transferor Companies shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for SFL. The Transferor Companies hereby undertake to hold the said assets with utmost prudence until the Effective Date.
- 7.2 With effect from the Appointed Date, all the profits or income accruing or arising to the Transferor Companies or expenditure or losses arising to or incurred by the Transferor Companies, shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of SFL.
- 7.3 The Transferor Companies shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of SFL, alienate, charge, mortgage, encumber or otherwise deal with or dispose any asset except in respect of activities in the ordinary course of business.
- 7.4 The Transferor Companies shall not vary the terms and conditions of service of the employees or conclude settlements with unions or employees, except in the ordinary course of business or consistent with past practice or pursuant to any pre-existing obligation without the prior written consent of the Board of Directors of SFL.

**8. DECLARATION OF DIVIDEND**

- 8.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent SFL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of any such dividend.
- 8.2 The Transferor Companies shall not utilize the profits or income, if any, for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of SFL.

**9. LEGAL PROCEEDINGS**

- 9.1 All legal proceedings of whatsoever nature by or against the Transferor Companies pending and/or arising before the Effective Date, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against SFL, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Companies.





9.2 SFL shall have all legal or other proceedings initiated by or against the Transferor Companies transferred into its name and to have the same continued, prosecuted and enforced by or against SFL.

#### **10. CONTRACTS, DEEDS, ETC.**

10.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date, shall continue in full force and effect against or in favour of SFL and may be enforced effectively by or against SFL as fully and effectually as if, instead of the Transferor Companies, SFL had been a party thereto.

10.2 SFL, 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, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Transferor Companies are a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. SFL shall be deemed to be authorised to execute any such writings on behalf of the Transferor Companies and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Companies.

#### **11. SAVING OF CONCLUDED TRANSACTIONS**

The transfer of assets, properties and liabilities above and the continuance of proceedings by or against SFL above shall not affect any transaction or proceedings already concluded in or by the Transferor Companies, on or after the Appointed Date till the Effective Date, to the end and intent that SFL accepts and adopts all acts, deeds and things done and executed by the Transferor Companies, in respect thereof as done and executed on its behalf.

#### **12. STAFF, WORKMEN & EMPLOYEES**

12.1 Upon the Scheme becoming effective, all employees of the Transferor Companies and who are in such employment as on the Effective Date shall become the employees of SFL from the Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by the Transferor Companies and without any interruption of or break in service as a result of the amalgamation of the Transferor Companies.



12.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits (collectively referred to as the "Funds") created by the Transferor Companies for its employees is concerned, the Funds and such of the investments made by the Funds that are being transferred in terms of this Scheme shall be held for their benefit pursuant to this Scheme. The Funds shall, subject to the necessary approvals and permissions and at the discretion of SFL, either be continued as separate funds of SFL for the benefit of the employees of the Transferor Companies or be transferred to and merged with other similar funds of SFL. It is clarified that the services of the employees of the Transferor Companies will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

### 13. TAX CREDITS

13.1 SFL will be the successor of the Transferor Companies. Hence, it will be deemed that the benefit of any tax credits, whether central, state or local, availed by the Transferor Companies and the obligations if any for payment of the tax on any assets of the Transferor Companies shall be deemed to have been availed by SFL or as the case may be deemed to be the obligations of SFL. Consequently, and as the Scheme does not contemplate removal of any asset by SFL from the premises in which it is installed, no reversal of any tax credit needs to be made.

13.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by the Transferor Companies including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of SFL.

13.3 SFL is expressly permitted to revise its tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, minimum alternate tax ("MAT") credit, excise and service tax credits, set off, etc., on the basis of the accounts of the Transferor Companies as vested with SFL upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

### 14. AUTHORISED SHARE CAPITAL OF SFL

14.1 Upon the Scheme becoming fully effective, the authorised share capital of the Transferor Companies shall stand combined with the authorised share capital of SFL. Filing fees and



stamp duty, if any, paid by the Transferor Companies on their respective authorised share capital, shall be deemed to have been so paid by SFL on the combined authorised share capital and accordingly, SFL shall not be required to pay any fee/ stamp duty for its increased authorised share capital.

14.2 Clause V of the Memorandum of Association of SFL shall, without any further act, instrument or deed, be and stand altered suitably to reflect the aforesaid increase in authorised share capital.

14.3 Article 3(i) of the Articles of Association of SFL shall, upon the Scheme becoming effective and without any further act or deed, be deleted and replaced with the following clause:

'The Authorised Capital of the Company shall be as stated in the Memorandum of Association of the Company from time to time.'

14.4 The alteration of the authorised share capital as aforesaid in sub-clauses 14.2, shall be effected as a part of the Scheme only and approval/consent to the Scheme by shareholders of SFL and NCLT shall be deemed to be due compliance of the relevant provisions of the Act for alteration of the share capital clause in the Memorandum of Association and Articles of Association of SFL.

#### **15. WINDING UP OF TRANSFEROR COMPANIES**

15.1 On and from the Effective Date, the Transferor Companies shall stand dissolved without being wound up.

15.2 On and with effect from the Effective Date, the name of the Transferor Companies shall be struck off from the records of the Registrar of Companies, Chennai.



**PART C – DEMERGER OF SUNDARAM BPO DEMERGED UNDERTAKING**

**16. TRANSFER AND VESTING OF SUNDARAM BPO DEMERGED UNDERTAKING**

The provisions of this Part of the Scheme have been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA) of the Income Tax Act, 1961. If any terms or provisions of this Scheme are found or interpreted to be inconsistent with the provisions of Section 2(19AA) of the Income Tax Act, 1961 at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of Section 2(19AA) of the Income Tax Act, 1961 shall prevail and this Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income Tax Act, 1961. Such modifications will however, not affect the other parts of this Scheme.

With effect from the Appointed Date, the Sundaram BPO Demerged Undertaking shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961, stand transferred to and be vested in or deemed to be transferred to and vested in SFL, as a going concern and in the following manner:

- 16.1 With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and properties of the Sundaram BPO Demerged Undertaking, shall, pursuant to the provisions contained in Sections 230 to 232 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in SFL so as to vest in SFL all the rights, liabilities, properties, title and interest pertaining to the Sundaram BPO Demerged Undertaking.
- (i) All the moveable assets pertaining to the Sundaram BPO Demerged Undertaking, which are capable of being physically transferred including cash on hand, shall be physically handed over by delivery to SFL to the end and intent that the property therein passes to SFL. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of SFL and Sundaram BPO.
  - (ii) In respect of other assets pertaining to the Sundaram BPO Demerged Undertaking including actionable claims, sundry debtors, 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, Sundaram BPO shall, on being so requested by SFL, issue notices in such form as SFL may specify stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or



other asset, be paid or made good to, or be held on account of, SFL as the person entitled thereto, to the end and intent that the right of Sundaram BPO to receive, recover or realize the same, stands transferred to SFL and that appropriate entries should be passed in their respective books to record the aforesaid changes.

- (iii) all immovable properties (including land together with the buildings and structures standing thereon) of Sundaram BPO relating to the Sundaram BPO Demerged Undertaking, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in SFL, without any act or deed done by Sundaram BPO or SFL. With effect from the Appointed Date, SFL shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of SFL shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Tribunal and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on the part of SFL.
- (iv) In respect of such of the assets belonging to the Sundaram BPO Demerged Undertaking other than those referred to in clauses (i) to (iii), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in SFL on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

16.2 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description of Sundaram BPO pertaining to the Sundaram BPO Demerged Undertaking under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to SFL, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of SFL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the Sundaram BPO Demerged Undertaking are securities for liabilities of the Sundaram BPO Remaining Undertaking, the same shall, on the Effective Date, without any further act,



instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the securities, charges, hypothecation and mortgages shall only extend to and continue to operate against the assets retained by Sundaram BPO and shall cease to operate against any of the assets transferred to SFL in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause shall operate notwithstanding anything contained in any instrument, deed or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

In so far as any assets comprised in the Sundaram BPO Remaining Undertaking are secured, charged, hypothecated or mortgaged in respect of liabilities of the Sundaram BPO Demerged Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the securities, charges, hypothecation and mortgages shall only extend to and continue to operate against the assets transferred to SFL and shall cease to operate against any of the assets retained in SFL in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause shall operate notwithstanding anything contained in any instrument, deed or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

- 16.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by Sundaram BPO required to carry on operations of the Sundaram BPO Demerged Undertaking shall stand vested in or transferred to SFL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of SFL and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to SFL as if they were originally obtained by SFL. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by Sundaram BPO relating to the Sundaram BPO Demerged Undertaking, are concerned, the same shall vest with and be available to SFL on the same terms and conditions as applicable to Sundaram BPO, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to SFL.
- 16.4 The transfer and vesting of the Sundaram BPO Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any.



subsisting over or in respect of the property and assets or any part thereof relating to the Sundaram BPO Demerged Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Sundaram BPO Demerged Undertaking.

- 16.5 It is clarified that if any assets, estate, claims, rights, title, interest in, or authorities relating to such assets or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever in relation to any of the Sundaram BPO Demerged Undertaking which Sundaram BPO owns or to which Sundaram BPO is a party and which cannot be transferred to SFL for any reason whatsoever, Sundaram BPO may hold such assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of SFL to which the Sundaram BPO Demerged Undertaking is being transferred in terms of this scheme, in so far as it is permissible so to do, till such time as the transfer is effected.
- 16.6 It is hereby clarified that the transfer and vesting of the Sundaram BPO Demerged Undertaking shall be on a going concern basis.

#### 17. CONSIDERATION

Since the entire share capital of Sundaram BPO is held by SFL and its wholly owned subsidiary, no shares or consideration shall be issued / payable by SFL pursuant to this Part of the Scheme.

#### 18. ACCOUNTING TREATMENT IN THE BOOKS OF SFL

- 18.1 Upon the Scheme becoming effective and from the Appointed Date, SFL shall record the assets and liabilities pertaining to the Sundaram BPO Demerged Undertaking at their respective book values as appearing in the Sundaram BPO's books as at the Appointed Date.
- 18.2 The difference between the value of assets and liabilities recorded pursuant to Clause 18.1 above, shall be debited to Goodwill or credited to Capital Reserve as the case may be.
- 18.3 It is hereby clarified that all transactions during the period between the Appointed Date and Effective Date relating to the Sundaram BPO Demerged Undertaking would be duly reflected in the financial statements of SFL upon this Scheme coming into effect.
- 18.4 In case of any differences in accounting policy between Sundaram BPO and SFL, the accounting policies, as may be directed by the Board of Directors of SFL will prevail and the difference till the Appointed Date will be quantified and adjusted in the General Reserve



Account or any other reserve as may be determined by the Board of Directors of SFL, to ensure that the financial statements of SFL reflect the financial position on the basis of consistent accounting policy.

**19. ACCOUNTING TREATMENT IN THE BOOKS OF SUNDARAM BPO**

- 19.1 Upon the Scheme becoming effective and from the Appointed Date, Sundaram BPO shall reduce from its books, the book value of assets and liabilities transferred as part of the Sundaram BPO Demerged Undertaking to SFL, pursuant to the Scheme.
- 19.2 The difference in the book value of assets and the book value of liabilities transferred pursuant to the Scheme shall be debited against the Capital Reserve and General Reserve to the extent of available balances and the balance amount against 'balance in Profit and Loss Account'.

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

- 20.1 Sundaram BPO in respect of the Sundaram BPO Demerged Undertaking, shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for SFL. Sundaram BPO hereby undertakes to hold the said assets with utmost prudence until the Effective Date.
- 20.2 With effect from the Appointed Date, all the profits or income accruing or arising to Sundaram BPO in respect of the Sundaram BPO Demerged Undertaking or expenditure or losses arising to or incurred by Sundaram BPO in respect of the Sundaram BPO Demerged Undertaking, shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of SFL.
- 20.3 Sundaram BPO in respect of the Sundaram BPO Demerged Undertaking shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of SFL, alienate, charge, mortgage, encumber or otherwise deal with or dispose off the Sundaram BPO Demerged Undertaking or any part thereof except in respect of activities in the ordinary course of business nor shall it undertake any new businesses within the Sundaram BPO Demerged Undertaking or a substantial expansion of Sundaram BPO Demerged Undertaking.





**21. DECLARATION OF DIVIDEND**

- 21.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent SFL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of any such dividend.
- 21.2 Sundaram BPO shall not utilize the profits or income, if any, relating to the Sundaram BPO Demerged Undertaking for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of SFL.

**22. LEGAL PROCEEDINGS**

- 22.1 All legal proceedings of whatsoever nature by or against Sundaram BPO pending and/or arising before the Effective Date and relating to the Sundaram BPO Demerged Undertaking, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against SFL, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against Sundaram BPO.
- 22.2 After the Effective Date, if any proceedings are taken against Sundaram BPO in respect of the matters referred to in the sub-clause 22.1 above, it shall defend the same at the cost of SFL, and SFL shall reimburse and indemnify Sundaram BPO against all liabilities and obligations incurred by Sundaram BPO in respect thereof.
- 22.3 SFL undertakes to have all respective legal or other proceedings initiated by or against Sundaram BPO referred to in Clauses 22.1 or 22.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against SFL as the case may be, to the exclusion of Sundaram BPO.

**23. CONTRACTS, DEEDS, ETC.**

- 23.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Sundaram BPO Demerged Undertaking, shall continue in full force and effect against or in favour of SFL and may be enforced effectively by or against SFL as fully and effectually as if, instead of Sundaram BPO, SFL had been a party thereto.



23.2 SFL, 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, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which Sundaram BPO is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. SFL shall be deemed to be authorised to execute any such writings on behalf of Sundaram BPO and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of Sundaram BPO.

#### **24. SAVING OF CONCLUDED TRANSACTIONS**

The transfer of assets, properties and liabilities above and the continuance of proceedings by or against SFL above shall not affect any transaction or proceedings already concluded in Sundaram BPO, in relation to the Sundaram BPO Demerged Undertaking on or after the Appointed Date till the Effective Date, to the end and intent that SFL accepts and adopts all acts, deeds and things done and executed by Sundaram BPO, in relation to the Sundaram BPO Demerged Undertaking in respect thereto as done and executed on their behalf.

#### **25. STAFF, WORKMEN & EMPLOYEES.**

25.1 Upon the Scheme becoming effective, all employees of Sundaram BPO engaged in or in relation to the Sundaram BPO Demerged Undertaking and who are in such employment as on the Effective Date shall become the employees of SFL from the Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by Sundaram BPO and without any interruption of or break in service as a result of the transfer of the Sundaram BPO Demerged Undertaking.

25.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits (collectively referred to as the "Funds") created by Sundaram BPO for the employees related to the Sundaram BPO Demerged Undertaking is concerned, the Funds and such of the investments made by the Funds which are relatable to the employees related to the Sundaram BPO Demerged Undertaking which are being transferred in terms of this Scheme shall be held for their benefit pursuant to this Scheme. The Funds shall, subject to the necessary approvals and permissions and at the discretion of SFL, either be continued as separate funds of SFL for the benefit of the employees related to Sundaram BPO Demerged Undertaking or be transferred to and merged with other similar funds of SFL. It is clarified that the services of the employees



of the Sundaram BPO Demerged Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

- 25.3 Any question that may arise as to whether any employee belongs to or does not belong to the Sundaram BPO Demerged Undertaking shall be decided by the Board of Directors or Committee thereof of Sundaram BPO.

## 26. REMAINING UNDERTAKING OF SUNDARAM BPO

- 26.1 It is clarified that, the Remaining Undertaking of Sundaram BPO shall continue with Sundaram BPO as follows:

- (a) The Remaining Undertaking of Sundaram BPO and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be managed by Sundaram BPO.
- (b) All legal and other proceedings by or against Sundaram BPO under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Undertaking of Sundaram BPO (including those relating to any property, right, power, liability, obligation or duty, of Sundaram BPO in respect of the Remaining Undertaking of Sundaram BPO) shall be continued and enforced by or against Sundaram BPO.

- 26.2 With effect from the Appointed Date and including the Effective Date –

- (a) Sundaram BPO shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining undertaking of Sundaram BPO for and on its own behalf.
- (b) all profit accruing to Sundaram BPO thereon or losses arising or incurred by it relating to the Remaining undertaking of Sundaram BPO shall, for all purposes, be treated as the profit, or losses, as the case may be, of Sundaram BPO.

## 27. TAX CREDITS

- 27.1 SFL will be the successor of Sundaram BPO vis-à-vis the Sundaram BPO Demerged Undertaking. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed vis-à-vis the Sundaram BPO Demerged Undertaking and the obligations, if



any, for payment of the tax on any assets forming part of Sundaram BPO Demerged Undertaking or their erection and / or installation, etc. shall be deemed to have been availed by SFL or as the case may be deemed to be the obligations of SFL. Consequently, and as the Scheme does not contemplate removal of any asset by SFL from the premises in which it is installed, no reversal of any tax credit needs to be made or is required to be made by Sundaram BPO.

- 27.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by Sundaram BPO relating to the Sundaram BPO Demerged Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of SFL.
- 27.3 SFL and Sundaram BPO are expressly permitted to revise their respective tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, MAT credit, excise and service tax credits, set off, etc., on the basis of the accounts of the Sundaram BPO Demerged Undertaking of Sundaram BPO as vested with SFL upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.



## **PART D – DEMERGER OF THE SFL DEMERGED UNDERTAKING**

### **28. TRANSFER AND VESTING OF SFL DEMERGED UNDERTAKING**

The provisions of this Part of the Scheme have been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA) of the Income Tax Act, 1961. If any terms or provisions of this Scheme are found or interpreted to be inconsistent with the provisions of Section 2(19AA) of the Income Tax Act, 1961 at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of Section 2(19AA) of the Income Tax Act, 1961 shall prevail and this Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income Tax Act, 1961. Such modifications will however, not affect the other parts of this Scheme.

With effect from the Appointed Date, the SFL Demerged Undertaking shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961, stand transferred to and be vested in or deemed to be transferred to and vested in the Resulting Company, as a going concern and in the following manner:

**28.1** With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and properties of the SFL Demerged Undertaking, shall, pursuant to the provisions contained in Sections 230 to 232 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in the Resulting Company so as to vest in the Resulting Company all the rights, liabilities, properties, title and interest pertaining to the SFL Demerged Undertaking.

(i) All the movable assets pertaining to the SFL Demerged Undertaking, which are capable of being physically transferred including cash on hand, shall be physically handed over by delivery to the Resulting Company to the end and intent that the property therein passes to the Resulting Company. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of SFL and the Resulting Company:

(ii) In respect of other assets pertaining to the SFL Demerged Undertaking including actionable claims, sundry debtors, 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, SFL shall, on being so requested by the Resulting Company, issue notices in such form as the Resulting Company may specify stating that pursuant to this Scheme, the relevant



debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, the Resulting Company as the person entitled thereto, to the end and intent that the right of SFL to receive, recover or realize the same, stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

- (iii) all immovable properties (including land together with the buildings and structures standing thereon) of SFL relating to the SFL Demerged Undertaking, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in the Resulting Company, without any act or deed done by SFL or the Resulting Company. With effect from the Appointed Date, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of the Resulting Company shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Tribunal and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on the part of the Resulting Company.
- (iv) In respect of such of the assets belonging to the SFL Demerged Undertaking other than those referred to in clauses (i) to (iii), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

28.2 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description of SFL pertaining to the SFL Demerged Undertaking under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to the Resulting Company, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of the Resulting Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.



In so far as any assets comprised in the SFL Demerged Undertaking are secured, charged, hypothecated or mortgaged in respect of liabilities of the SFL Remaining Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the securities, charges, hypothecation and mortgages shall only extend to and continue to operate against the assets retained by SFL and shall cease to operate against any of the assets transferred to the Resulting Company in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause shall operate notwithstanding anything contained in any instrument, deed or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

- 28.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by SFL required to carry on operations of the SFL Demerged Undertaking shall stand vested in or transferred to the Resulting Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to the Resulting Company as if they were originally obtained by the Resulting Company. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by SFL relating to the SFL Demerged Undertaking, are concerned, the same shall vest with and be available to the Resulting Company on the same terms and conditions as applicable to SFL, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to the Resulting Company.
- 28.4 The transfer and vesting of the SFL Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relating to the SFL Demerged Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the SFL Demerged Undertaking.
- 28.5 It is clarified that if any assets, estate, claims, rights, title, interest in, or authorities relating to such assets or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever in relation to any of the SFL Demerged Undertaking which SFL owns or to which SFL is a party and which cannot be transferred to the Resulting Company for any reason whatsoever, SFL may hold such assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for



the benefit of the Resulting Company to which the SFL Demerged Undertaking is being transferred in terms of this scheme, in so far as it is permissible so to do, till such time as the transfer is effected.

- 28.6 It is hereby clarified that the transfer and vesting of the SFL Demerged Undertaking shall be on a going concern basis.

## **29. CONSIDERATION**

- 29.1 Upon this Scheme coming into effect, in consideration of the transfer of the SFL Demerged Undertaking by SFL to the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each Shareholder whose name appears in the records of SFL or as beneficiary in the records of the depositories of SFL in respect of the shares of SFL on the Record Date, 1 (One) equity share of Rs. 5/- each, credited as fully paid in the capital of the Resulting Company, for every 1 (One) fully paid up SFL Equity Share held by them in SFL (the "SFL Share Entitlement Ratio").

- 29.2 The equity shares to be issued and allotted by the Resulting Company as per Clause 29.1 hereof shall be at par, credited as fully paid up and shall have rights attached thereto as under:

- (a) they shall in all respects, rank *par passu* with the existing equity shares of the Resulting Company; and
- (b) they will be subject to the applicable provisions of the Articles of Association of the Resulting Company.

- 29.3 Shares to be issued by the Resulting Company pursuant to Clause 29.1 in respect of any SFL Equity Shares which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by the Resulting Company.

- 29.4 In so far as the issue of shares pursuant to Clause 29.1 is concerned, the same shall be issued and allotted in dematerialized form to those SFL Equity Shareholders who hold SFL Equity Shares in dematerialized form, in to the account with the Depository Participant in which the SFL Equity Shares in SFL are held or such other account with the Depository Participant as is intimated by the SFL Equity Shareholders to the Resulting Company before the Record Date. All those SFL Equity Shareholders who hold SFL Equity Shares of SFL in physical form shall also have the option to receive the shares, as the case may be, in dematerialized form, provided the details of their account with the Depository Participant are intimated in writing to the Resulting Company before the Record Date. In the event that the





Resulting Company has received notice from any SFL Equity Shareholder that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her /its account with a Depository Participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of the Resulting Company, then the Resulting Company shall issue equity shares of the Resulting Company, in accordance with the SFL Share Entitlement Ratio, in physical form to such SFL Equity Shareholder.

- 29.5 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of SFL, the Board of Directors or any committee thereof of SFL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in SFL as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transfer of the share in SFL and in relation to the shares issued by the Resulting Company after the effectiveness of this Scheme. The Board of Directors of SFL and the Resulting Company shall be empowered to jointly remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.
- 29.6 The shares of the Resulting Company will be listed and admitted for trading on National Stock Exchange of India Limited and all necessary applications will be made in this respect by the Resulting Company.
- 29.7 Approval of this Scheme by the shareholders of the Resulting Company shall be deemed to be the due compliance of the provisions of Section 62 and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Resulting Company to the shareholders of SFL, as provided in this Scheme.

### 30. ACCOUNTING TREATMENT IN THE BOOKS OF RESULTING COMPANY

- 30.1 Upon the Scheme becoming effective and from the Appointed Date, the Resulting Company shall record the assets and liabilities pertaining to the SFL Demerged Undertaking at their respective book values as appearing in the Demerged Company's books as at the Appointed Date.
- 30.2 The aggregate face value of all the shares of the Resulting Company issued pursuant to this Scheme shall be recorded as an increase in the Share Capital.

Further, the amount arising as an accounting differential for the Resulting Company, on account of the excess of net assets recorded over the face value of the equity shares issued by the Resulting Company shall be credited to the securities premium account / general



reserve/surplus in the statement of Profit and Loss, as may be determined by the Board of Directors of the Resulting Company.

**30.3** It is hereby clarified that all transactions during the period between the Appointed Date and Effective Date relating to the Demerged Undertaking would be duly reflected in the financial statements of the Resulting Company upon this Scheme coming into effect.

**30.4** In case of any differences in accounting policy between SFL and the Resulting Company, the accounting policies, as may be directed by the Board of Directors of the Resulting Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the General Reserve Account or any other reserve as may be determined by the Board of Directors of the Resulting Company, to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policy.

### **31. ACCOUNTING TREATMENT IN THE BOOKS OF SFL**

**31.1** Upon the Scheme becoming effective and from the Appointed Date, SFL shall reduce from its books, the book value of assets and liabilities transferred as part of the SFL Demerged Undertaking to the Resulting Company, pursuant to the Scheme.

**31.2** The difference in the book value of assets and the book value of liabilities transferred pursuant to the Scheme shall be debited against the Capital Reserve (including Capital Reserve arising pursuant to Part B and C of the Scheme), to the extent of available balance; and the balance shall be debited to General Reserve or surplus in the statement of Profit and Loss or any other reserve as may be determined by the Board of Directors.

### **32. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE**

**32.1** SFL in respect of the SFL Demerged Undertaking, shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for the Resulting Company. SFL hereby undertakes to hold the said assets with utmost prudence until the Effective Date.

**32.2** With effect from the Appointed Date, all the profits or income accruing or arising to SFL in respect of the SFL Demerged Undertaking or expenditure or losses arising to or incurred by SFL in respect of the SFL Demerged Undertaking, shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of the Resulting Company.



32.3 SFL in respect of the SFL Demerged Undertaking shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of the Resulting Company, alienate, charge, mortgage, encumber or otherwise deal with or dispose off the SFL Demerged Undertaking or any part thereof except in respect of activities in the ordinary course of business nor shall it undertake any new businesses within the SFL Demerged Undertaking or a substantial expansion of SFL Demerged Undertaking.

### 33. DECLARATION OF DIVIDEND

33.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent the Resulting Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of any such dividend.

33.2 SFL shall not utilize the profits or income, if any, relating to the SFL Demerged Undertaking for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of the Resulting Company.

### 34. LEGAL PROCEEDINGS

34.1 All legal proceedings of whatsoever nature by or against SFL pending and/or arising before the Effective Date and relating to the SFL Demerged Undertaking, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Resulting Company, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against SFL.

34.2 After the Effective Date, if any proceedings are taken against SFL in respect of the matters referred to in the sub-clause 34.1 above, it shall defend the same at the cost of the Resulting Company, and the Resulting Company shall reimburse and indemnify SFL against all liabilities and obligations incurred by SFL in respect thereof.

34.3 The Resulting Company undertakes to have all respective legal or other proceedings initiated by or against SFL referred to in Clauses 34.1 or 34.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company as the case may be, to the exclusion of SFL.



**36. CONTRACTS, DEEDS, ETC.**

35.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the SFL Demerged Undertaking, shall continue in full force and effect against or in favour of the Resulting Company and may be enforced effectively by or against the Resulting Company as fully and effectually as if, instead of SFL, the Resulting Company had been a party thereto.

35.2 The Resulting Company, 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, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which SFL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Resulting Company shall be deemed to be authorised to execute any such writings on behalf of SFL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of SFL.

**36. SAVING OF CONCLUDED TRANSACTIONS**

The transfer of assets, properties and liabilities above and the continuance of proceedings by or against the Resulting Company above shall not affect any transaction or proceedings already concluded in SFL, in relation to the SFL Demerged Undertaking on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by SFL, in relation to the SFL Demerged Undertaking in respect thereto as done and executed on their behalf.

**37. STAFF, WORKMEN & EMPLOYEES**

37.1 Upon the Scheme becoming effective, all employees of SFL engaged in or in relation to the SFL Demerged Undertaking and who are in such employment as on the Effective Date shall become the employees of the Resulting Company from Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by SFL and without any interruption of or break in service as a result of the transfer of the SFL Demerged Undertaking.

37.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits (collectively referred to as



the "Funds") created by SFL for the employees related to the SFL Demerged Undertaking, the Funds and such of the investments made by the Funds which are relatable to the employees related to the SFL Demerged Undertaking being transferred to the Resulting Company, in terms of the Scheme shall be transferred to the Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees related to SFL Demerged Undertaking or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own funds in respect of any of the above, SFL may, subject to necessary approvals and permissions, continue to contribute to relevant funds of SFL, until such time that the Resulting Company creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees related to SFL Demerged Undertaking shall be transferred to the funds created by the Resulting Company. Subject to the relevant law, rules and regulations applicable to the Funds, the Board of Directors or any committee thereof of SFL and the Resulting Company may decide to continue to make the said contributions to the Funds of SFL. It is clarified that the services of the employees of the SFL Demerged Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

- 37.3 It is clarified that the Funds and investments made by such Funds, as are relatable to employees of Sundaram BPO Demerged Undertaking, which are required to be transferred to SFL pursuant to Part C of the Scheme and subsequently to be transferred to the Resulting Company pursuant to this Part, may be directly transferred to the Resulting Company and dealt with in the manner provided in Clause 37.2.
- 37.4 Any question that may arise as to whether any employee belongs to or does not belong to the SFL Demerged Undertaking shall be decided by the Board of Directors or Committee thereof of SFL.
- 37.5 Having regard to the terms and conditions of the Sundaram Finance Employees Stock Option Scheme (SFESOS) managed by SFL, the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and other regulatory provisions, if any, approval of the shareholders shall be deemed to have been obtained for authorising the Board of Directors of SFL and SFIL to:
- a) make suitable amendments to the SFESOS, the objects of the Sundaram Finance Employees Welfare Trust (SFEWT) and other related documents, if necessary;



- b) create a 'stock option scheme' and 'employee welfare trust' on similar lines in respect of SFIL, if considered necessary, to give effect to the consequences that may arise out of this Scheme; and
- c) take all other steps in this regard.

### **38. REMAINING UNDERTAKING OF SFL**

**38.1** It is clarified that, the Remaining Undertaking of SFL shall continue with SFL as follows:

- (c) The Remaining Undertaking of SFL and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be managed by SFL.
- (d) All legal and other proceedings by or against SFL under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Undertaking of SFL (including those relating to any property, right, power, liability, obligation or duty, of SFL in respect of the Remaining Undertaking of SFL) shall be continued and enforced by or against SFL.

**38.2** With effect from the Appointed Date and including the Effective Date –

- (c) SFL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Undertaking of SFL for and on its own behalf;
- (d) all profit accruing to SFL thereon or losses arising or incurred by it relating to the Remaining Undertaking of SFL shall, for all purposes, be treated as the profit, or losses, as the case may be, of SFL.

### **39. TAX CREDITS**

**39.1** The Resulting Company will be the successor of SFL vis-à-vis the SFL Demerged Undertaking. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed vis-à-vis the SFL Demerged Undertaking and the obligations if any for payment of the tax on any assets forming part of SFL Demerged Undertaking or their erection and / or installation, etc. shall be deemed to have been availed by the Resulting Company or as the case may be deemed to be the obligations of the Resulting Company. Consequently, and as the Scheme does not contemplate removal of any asset by the Resulting Company from the premises in which it is installed, no reversal of any tax credit needs to be made or is required to be made by SFL.



- 39.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by SFL relating to the SFL Demerged Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of the Resulting Company.
- 39.3 SFL and the Resulting Company are expressly permitted to revise their respective tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, MAT credit, excise and service tax credits, set off, etc., on the basis of the accounts of the SFL Demerged Undertaking of SFL as vested with the Resulting Company upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

#### **PART E – GENERAL TERMS & CONDITIONS**

#### **40. CHANGE IN OBJECT CLAUSES OF THE RESULTING COMPANY**

- 40.1 Upon the Scheme becoming effective, Clause 3(A) of the Memorandum of Association of the Resulting Company shall stand altered without any further act or deed to include the following after Sub Clause (iv):
- (v) To carry on the business of BPO (Business Process Outsourcing) and call centres, contact centres, undertake other activities relating to information technology enabled services in areas of accounting, insurance, banking, human resources, healthcare, legal, telecom, etc. and to provide all kinds of support services including without any limitations, administrative, managerial, maintenance, document processing, data entry, reconciliation, training and orientation and other support services.
  - (vi) To carry on the business of consultants and / or advisors.
  - (v) To provide technical and non-technical training, learning and development services.
  - (vi) To engage in database management, programming in all languages, in all aspects of Information technology.'
- 40.2 Approval of the shareholders of the Resulting Company to the Scheme shall be considered as the approval required under the provisions of the Act for the above alteration of the Memorandum of Association.



**41. REORGANIZATION OF CAPITAL OF THE RESULTING COMPANY**

**41.1** As an integral part of the Scheme, and, upon the Scheme becoming effective but prior to giving effect to Clause 29, the authorised share capital and the issued, subscribed and paid-up share capital of the Resulting Company shall be restructured and re-organised in the manner set out herein below without any further act or deed:

**41.1.1** The face value of equity shares of the Resulting Company shall be sub-divided from Rs. 10/- to Rs.5/-. Consequently,

- a) The authorised share capital of the Resulting Company will be Rs. 25,00,00,000/- divided into 5,00,00,000 equity shares of the face value of Rs. 5/- each.
- b) The issued, subscribed and paid up equity capital of the Resulting Company will be Rs. 20,00,00,000/- divided into 4,00,00,000 equity shares of the face value of Rs. 5/- each fully paid.

**41.1.2** Subsequent to clause 41.1.1 above, the authorised share capital of the Resulting Company shall stand further increased to Rs. 80,00,00,000 comprising of 16,00,00,000 equity shares of Rs. 5/- (Rupees Five only) each.

**41.2** Clause 5 of the Memorandum of Association of the Resulting Company shall, upon the Scheme becoming effective and without any further act or deed, be replaced by the following clause:

'The Authorised Share Capital of the Company is Rs. 80,00,00,000 (Rupees Eighty crores only) divided into 16,00,00,000 (Sixteen crores only) equity shares of Rupees 5/- each with power to the Company to increase and reduce of the capital. The shares forming the capital, original, increased and reduced, of the Company may be sub-divided consolidated or divided into such classes with any preferential, deferred, qualified, special or other rights, privileges or conditions attached thereto and be held upon such terms as may be determined by the Articles of Association and regulations of the Company for the time being in force or otherwise.'

**41.3** Article 4 of the Articles of Association of the Resulting Company shall, upon the Scheme becoming effective and without any further act or deed, be deleted and replaced with the following clause:

'The Authorised Capital of the Company shall be as stated in the Memorandum of Association of the Company from time to time.'





41.4 Pursuant to this Scheme, the Resulting Company shall file the requisite forms with the Registrar of Companies for alteration of its authorised and issued, subscribed and paid up share capital and pay necessary fees and stamp duty.

41.5 It is hereby clarified that for the purposes of Clauses 41.1 to 41.3 above, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or increase in authorised share capital of the Resulting Company, and no further resolution under any applicable provisions of the Act would be required to be separately passed.

## 42. CONDITIONALITY OF THE SCHEME

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

(a) The Scheme being approved by the requisite majority in number and value of such classes of persons including the respective members and/or creditors of SFL, the Transferor Companies, Sundaram BPO and the Resulting Company as may be directed by the Tribunal.

(b) The sanction of the Tribunal under Sections 230 to 232 of the said Act in favour of SFL, the Transferor Companies, Sundaram BPO and the Resulting Company under the said provisions and to the necessary Order being obtained;

(c) Receipt of approval from the National Stock Exchange of India Limited and the Securities and Exchange Board of India.

42.2 Each Part of the Scheme shall be given effect to as per the chronology in which it has been provided for in the Scheme. Each Part is independent of the other Part(s) of the Scheme and is severable. The Scheme shall be effective upon sanction of the Tribunal. However, failure of any one Part for lack of necessary approval from the shareholders / creditors / statutory or regulatory authorities or for any other reason that the Board of Directors may deem fit, shall not result in the whole Scheme failing. It shall be open to the concerned Board of Directors to consent to sever such Part(s) of the Scheme and implement the rest of the Scheme with such modification.

42.3 Subject to provisions of the Scheme and save as provided in the Scheme, there shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date and the listing which may affect the status of approval of Stock Exchanges.

## 43. MODIFICATION OR AMENDMENTS TO THE SCHEME



- 43.1 SFL, the transferor Companies, Sundaram BPO and the Resulting Company by their respective Board of Directors or any duly authorised committee may make or consent to any modifications or amendments to the Scheme or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.
- 43.2 SFL, the transferor Companies, Sundaram BPO and the Resulting Company shall be at liberty to withdraw from this Scheme, in case any condition or alteration imposed by the Tribunal or any other authority or any bank or financial institution is unacceptable to them or otherwise if so mutually agreed.

#### 44. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any requisite approval not being obtained for transfer of an investment, for the purpose of this Scheme, the Board may, at their option, decide that the said investment does not form part of the SFL Demerged Undertaking and the Scheme shall, without any further act or deed, stand modified to that extent.

#### 45. MISCELLANEOUS

- 45.1 Approval to the Scheme by the shareholder of the Resulting Company shall be deemed to be approval under Section 186 and all other applicable provisions of the Act for the holding of investments vested pursuant to the Scheme, by the Resulting Company.
- 45.2 The parties to the Scheme, shall be permitted to close the books of accounts within the time as provided under applicable laws and to give suitable effect to the Scheme in the financial statements prepared, upon the Scheme becoming effective, including but not limited to adjustments in the opening balances of assets, liabilities and reserves.
- 45.3 The parties to the Scheme may also intimate the Reserve Bank of India and comply with such other requirements as may be applicable.

#### 46. COSTS, CHARGES AND EXPENSES

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

Certified True Copy  
For Sundaram Finance Limited

  
P. Viswanathan  
Secretary & Compliance Officer