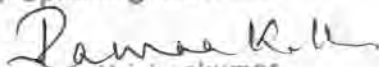


**SCHEME OF AMALGAMATION
OF
SARA ELGI ARTERIORS LIMITED
AND
ELGI BUILDING PRODUCTS LIMITED
WITH
SUPER SPINNING MILLS LIMITED**
(Under Sections 391 to 394 of the Companies Act 1956 / Sections 230 to 232 of the
Companies Act 2013)

PREAMBLE & RATIONALE TO THE SCHEME

- (A) **SARA ELGI ARTERIORS LIMITED – CIN: U28111TZ2003PLC010797** (hereinafter referred to as "Transferor Company 1") was incorporated on the 16th day of October, 2003 under the Companies Act, 1956, in the State of Tamil Nadu. The registered office of the Transferor Company (1) is situated at Elgi Towers, 737D, Puliakulam Road, Coimbatore – 641045, Tamil Nadu, India. The Transferor Company (1) is engaged in the business of manufacturing and dealing in doors, windows and their frames and similar articles used on buildings (hereinafter referred to as the "**Business of the Transferor Company (1)**"). The entire issued, subscribed and paid-up share capital of the Transferor Company (1) is held by "Super Spinning Mills Limited", the Transferee Company, in its own name and jointly with its nominees. Hence, the Transferor Company (1) is a wholly-owned subsidiary of the Transferee Company.
- (B) **ELGI BUILDING PRODUCTS LIMITED – CIN: U45201TZ1996PLC007037** (hereinafter referred to as "Transferor Company 2") was incorporated on the 15th day of March, 1996 under the Companies Act, 1956, in the State of Tamil Nadu under the name and style of ELGI WIESSNER AIR TECHNIC LIMITED. Subsequently, the name was changed as ELGI BUILDING PRODUCTS LIMITED on 15th June 1999. The registered office of the Transferor Company (2) is situated at Elgi Tower, 737- D, Pappanaickenpalayam Road, Puliakulam, Coimbatore – 641045, Tamil Nadu, India. The Transferor Company (2) is engaged in the business of manufacturing of doors, windows and window frames and all other building materials which are used in buildings (hereinafter referred to as the "**Business of the Transferor Company (2)**"). The issued, subscribed and paid-up share capital of the Transferor Company (2) is held by "Sara Elgi Arteriors Limited" and "Super Spinning Mills Limited" as follows.

For Super Spinning Mills Ltd


Ramana Krishnakumar
Company Secretary

S. No.	Name of Shareholder	Number of Shares held	Percentage of Shares held
Equity Shares of Rs.10/- each			
1.	Sara Elgi Arteriors Limited (Including Beneficial Interest of shares held by its nominees)	41,96,408	58.32
2.	Super Spinning Mills Limited	29,99,592	41.68
10% 8 years Non-cumulative Redeemable Preference Shares of Rs.10/- each			
1.	Super Spinning Mills Limited	70,00,000	100.00
10% 8 years Cumulative Redeemable Preference Shares of Rs.10/- each			
2.	Super Spinning Mills Limited	5,00,000	100.00
	Total	1,46,96,000	-

Hence, the Transferor Company (2) is a subsidiary of Transferor Company (1) and a step down subsidiary of Transferee Company.

(C) **SUPER SPINNING MILLS LIMITED – CIN: L17111TZ1962PLC001200** (hereinafter referred to as “Transferee Company”), was incorporated on 6th day of June, 1962 under the Companies Act, 1956, in the State of Andhra Pradesh and obtained the certificate of commencement of business on 23rd July, 1962. Subsequently, the registered office of the company was shifted from the State of Andhra Pradesh to its present address situated in the State of Tamil Nadu at 'Elgi Towers', P.B No: 7113, Green Fields, Puliakulam Road, Coimbatore – 641045, Tamil Nadu, India. The equity shares of the Transferee Company are listed on the National Stock Exchange of India Limited (“NSE”) and BSE Limited (“BSE”). The Transferee Company is engaged in the business of manufacturing and dealing in cotton yarn, cotton fiber including blended cotton and other fabrics (hereinafter referred to as the “**Business of the Transferee Company**”). The Transferee Company is the holding company of the Transferor Company (1) & the ultimate holding company of Transferor Company (2).

(D) The Scheme of Amalgamation of Transferor Company 1 and Transferor Company 2 with the Transferee Company has been formulated and presented under section 391 to 394 of the Companies Act, 1956. Upon the relevant sections of the Companies Act, 2013 pertaining to schemes of arrangement, compromise or reconstruction of companies being notified by the Ministry of Corporate Affairs (“MCA”), the Scheme of Amalgamation (as defined hereinafter) shall be deemed to have been formulated and presented under sections 230 to 240 of the Companies Act, 2013. Reference to any provisions of the Companies Act 1956, if any, under the Scheme would be deemed to be references to the corresponding provisions of the Companies Act, 2013.



(E) The Scheme of Amalgamation of Transferor Company 1 and Transferor Company 2 with the Transferee Company is in compliance with the norms laid down under Section 2 (1B) of the Income Tax Act, 1961.

(F) The Scheme of Amalgamation is expected to yield the following benefits :

- (i) Enable consolidation of the business of the three companies into one entity which will facilitate in focused growth, operational efficiencies, business synergies and better supervision of the business of the group.
- (ii) Pooling of resources (including manpower, management and administration and marketing resources) of the aforesaid companies resulting in, synergies of operations and optimisation of logistics, resulting in more productive utilisation of said resources, savings in cost and operational efficiencies.
- (iii) Strengthening financial position and increased leverage capacity of the merged entity
- (iv) Concentrated management focus, improved organisational capacity, integration rationalisation and streamlining of the management structure of the merged entity, seamless implementation of policy changes at a higher level from a management perspective and shall also help enhance the efficiency and control of the entities.
- (v) Facilitating internal transfer of resources and optimum utilisation of assets
- (vi) Avoiding duplication of administrative functions, reduction in multiplicity of legal and regulatory compliances
- (vii) Enable the creation of a platform for a new business segment and to act as a gateway for growth and expansion of business operations.

PART I - GENERAL

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following shall have the meanings as provided herein:

- 1.1 **“Act”** means the Companies Act, 1956 and/or the Companies Act, 2013 as in force from time to time; it being clarified that as on the date of approval of this Scheme by the Boards of Directors of the Transferor Company and the Transferee Company, Sections 391 and 394 of the Companies Act, 1956 continue to be in force with the corresponding provisions of the Companies Act, 2013 not having been notified. Accordingly, references in this Scheme to particular provisions of the Act are references to particular provisions of the Companies Act, 1956. Upon such provisions standing re-enacted by enforcement of



provisions of the Companies Act, 2013, such references shall, unless a different intention appears, be construed as references to the provisions so re-enacted.

- 1.2 **"Appointed Date"** means the date from which this Scheme shall become operative viz., 1st April 2016 or any other date as may be stipulated by the Court.
- 1.3 **"Board"** or **"Board of Directors"** means the board of directors of the Transferor Company or the Transferee Company, as the case may be, and shall, unless it is repugnant to the context or otherwise, include a committee of directors or any person authorized by the board of directors or such committee of directors;
- 1.4 **"Court"** means the Hon'ble High Court of Judicature at Madras as per the provisions of the Companies Act, 1956 or such other Tribunal (i.e.) the National Company Law Tribunal (**"NCLT"**) & the National Company Law Appellate Tribunal (**"NCLAT"**) as constituted and authorized as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under section 230 to 240 of the Companies Act, 2013.
- 1.5 **"Effective Date"** means the date or last of the dates on which the certified copy of the order of the Court sanctioning this Scheme is filed with the concerned Registrar of Companies by the Transferor Companies and the Transferee Company.
- 1.6 **"Scheme of Amalgamation"** or **"Scheme"** or **"The Scheme"** or **"This Scheme"** means this Scheme of Amalgamation in its present form or with any modification(s) approved, imposed, or directed by the Court.
- 1.7 **"Transferee Company"** means **"SUPER SPINNING MILLS LIMITED"**, a public listed company incorporated under the Companies Act, 1956 on 6th day of June, 1962 and having its registered office at 'Elgi Towers', P.B No: 7113, Green Fields, Puliakulam Road, Coimbatore – 641045, Tamil Nadu, India.
- 1.8 **"Transferor Company (1)"** means **"SARA ELGI ARTERIORS LIMITED"**, a company incorporated under the Companies Act, 1956 on 16th day of October, 2003 and having its registered office at Elgi Towers, 737D, Puliakulam Road, Coimbatore – 641045, Tamil Nadu, India.
- 1.9 **"Transferor Company (2)"** means **"ELGI BUILDING PRODUCTS LIMITED"**, a company incorporated under the Companies Act, 1956 on 15th day of March, 1996 and having its registered office at Elgi Tower, 737- D, Pappanaickenpalayam Road, Puliakulam, Coimbatore – 641045, Tamil Nadu, India.
- 1.10 **"Transferor Companies"** means Transferor Company (1) and Transferor Company (2) collectively.
- 1.11 **"Undertakings"** shall mean and include the whole of the undertakings of each of the Transferor Companies, as a going concern, including the entire Business of Transferor Company 1 and the entire Business of Transferor Company 2, all secured and



unsecured debts, liabilities, duties and obligations and all the assets, properties, rights, titles and benefits, whether movable or immovable property real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed assets, tangible assets, deferred tax assets, movable assets, plant and machinery, furniture and fixtures, vehicles, inventories, raw material, work in progress, finished goods, trading goods, trade receivables, cash in hand and cash with banks, loans and advances receivable, advance for purchases, advance payment of taxes, deposits with statutory authorities, other deposits, current assets, non-current assets, investments, reserves, provisions, funds, licenses, registrations, accreditations to trade and industrial bodies, copyrights, patents, trade names, trademarks and other rights and licenses in respect thereof, applications for copyrights, patents, trade names, trademarks, leases, licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, service tax, etc.), Software Licences, Domain / Websites etc., in connection with or relating to each of the Transferor Companies and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by each of the Transferor Companies, as on the Appointed Date.

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

2. SHARE CAPITAL

- 2.1. The present Share Capital of Transferor Company (1) is as under

Particulars	Amount in Rs.
Authorised Share Capital	
25,00,000 Equity Shares of Rs.10/- each	2,50,00,000



Particulars	Amount in Rs.
Issued, Subscribed and Paid-up Share Capital	
25,00,000 Equity Shares of Rs.10/- each	2,50,00,000

2.2. The present Share Capital of Transferor Company (2) is as under

Particulars	Amount in Rs.
Authorised Share Capital	
75,00,000 Equity Shares of Rs.10/- each	7,50,00,000
70,00,000 10% 8 years Redeemable Preference Shares of Rs.10/- each	7,00,00,000
5,00,000 10% 8 years Cumulative Redeemable Preference Shares of Rs.10/- each	50,00,000
Issued, Subscribed and Paid-up Share Capital	
71,96,000 Equity Shares of Rs.10/- each	7,19,60,000
70,00,000 10% 8 years Non-cumulative Redeemable Preference Shares of Rs.10/- each	7,00,00,000
5,00,000 10% 8 years Cumulative Redeemable Preference Shares of Rs.10/- each	50,00,000

2.3. The present Share Capital of the Transferee Company is as under

Particulars	Amount in Rs.
Authorised Share Capital	
10,00,00,000 Equity Shares of Re.1/- each	10,00,00,000
Issued, Subscribed and Paid-up Share Capital	
5,50,00,000 Equity Shares of Re.1/- each	5,50,00,000

PART II – TRANSFER AND VESTING

3. TRANSFER OF UNDERTAKINGS

3.1 The entire Undertakings of each of the Transferor Companies shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:



- (a) With effect from the Appointed Date, the whole of the Undertakings of the Transferor Companies comprising their entire business, all assets and liabilities of whatsoever nature and wheresoever situated, including the immovable properties, if any, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Companies Act, 1956, without any further act or deed (save as provided in Sub-clauses (b), (c), (d) and (e) below), be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as from the Appointed Date, the Undertakings of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Companies therein.
- (b) With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature, description of each of the Transferor Companies, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet, including but not limited to deferred tax liabilities, loans from banks, loans from corporates, statutory liabilities, liabilities for employees cost, liabilities for expenses, advances against sales, advances from customers, expenses payable, shall also, under the provisions of Section 391 read with Section 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee 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, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.
- (c) The transfer and vesting of the Undertakings of the Transferor Companies as aforesaid shall be subject to the existing securities, charges and mortgages, if any subsisting, over or in respect of the property and assets or any part thereof of the respective Transferor Company.
- (d) With effect from the Appointed Date all permits, quotas, rights, entitlements, licences (including software licences), accreditations to trade and industrial bodies, privileges, powers, facilities, subsidies, rehabilitation schemes, special status and other benefits or privileges (granted by any Government body, local authority or by any other person) of every kind and description of whatsoever nature in relation to the Transferor Companies, or to the benefit of which the Transferor Companies may be eligible, or having effect immediately before the Effective Date, shall be, and remain in, full force and effect in favour of the Transferee Company, and may be enforced fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a beneficiary thereto.



- (e) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person and availed of by the Transferor Companies are concerned, the same shall vest with, and be available to, the Transferee Company on the same terms and conditions.
- (f) Loans or other obligations, contracts or agreements if any, between or amongst the Transferor Companies or between or amongst any Transferor Company and the Transferee Company shall stand extinguished and there shall be no liability in that behalf. In so far as any shares, securities, debentures or notes issued by any Transferor Company, and held by the Transferee Company and vice versa or issued inter se amongst the Transferor Companies are concerned, the same shall, unless sold or transferred by the said Transferor Companies or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no effect and the Transferor Companies or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.
- (g) The Transferor Companies shall have taken all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered possession, right, title, interest of immovable property, if any, is given to the Transferee Company.

4. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 4.1 Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature to which the Transferor Companies are a party, subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if instead of the Transferor Companies, the Transferee Company had been a party thereto. The Transferee Company shall enter into and / or issue and / or execute deeds, writings or confirmations or enter into any tripartite arrangement, confirmation or novation to which the Transferor Companies will, if necessary, also be party in order to give formal effect to the provisions of this clause, if so required or become necessary.
- 4.2 As a consequence of the amalgamation of the Transferor Companies with the Transferee Company in accordance with this Scheme, the recording of change in name from the Transferor Companies to the Transferee Company, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.



5. LEGAL PROCEEDINGS

- 5.1 All suits, actions and proceedings of whatsoever nature by or against the Transferor Companies on the Appointed Date shall be transferred to the name of the Transferee Company and the same shall be continued and enforced by or against the Transferee Company, to the exclusion of the Transferor Companies, as the case may be.
- 5.2 If proceedings are taken against any Transferor Company, in respect of matters referred to above, it shall defend the same in accordance with the advice of, and at the cost of, the Transferee Company, as the case may be from Appointed Date till Effective Date, and the latter shall reimburse and indemnify such Transferor Company, against all liabilities and obligations incurred by the said Transferor Company in respect thereof.

6. TRANSFEROR COMPANIES STAFF, WORKMEN AND EMPLOYEES

- 6.1 All the executives, staff, workmen, and other employees in the service of the Transferor Companies, immediately before the Appointed Date, under this Scheme shall become the executives, staff, workmen, and other employees of the Transferee Company, on the basis that:
- a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25FF of the Industrial Disputes Act, 1947;
 - b) The terms and conditions of service applicable to the said staff, workmen, and other employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;
 - c) In the event of retrenchment of such staff, workmen, or other employees, the Transferee Company shall be liable to pay compensation in accordance with law on the basis that the services of the staff, workmen, or other employees shall have been continuous and shall not have been interrupted by reason of such transfer; and
 - d) It is provided that as far as the Provident Fund, Gratuity, Pension, Superannuation Fund or any other special funds that are applicable to the employees of the Transferee Company and existing in the Transferee Company for the benefit of the staff, workmen and other employees of the Transferee Company shall also be extended to the employees of the Transferor Companies upon the Scheme becoming finally effective. The said benefits shall be extended to the employees of the Transferor Companies even if such benefits were not available to the employees during their tenure in the Transferor Companies, by virtue of non applicability of the relevant provisions to the Transferor Companies. Notwithstanding what is stated herein above in respect of applicability of Employees Provident Fund to the employees of Transferor companies with retrospective effect from a date to be determined by the Board of Directors of Transferee company the extension of benefit



to the employees of Transferor companies shall be subject to the provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the approvals of the authorities concerned for giving effect to the implementation date. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations, in whatsoever nature, that are available to the employees of the Transferee Company shall also be available to all the employees of the Transferor Companies in relation to Provident Fund, Gratuity and Pension and/ or Superannuation Fund or any other special fund, however subject to the provisions of the relevant and applicable statutes.

7. SAVING OF CONCLUDED TRANSACTIONS

- 7.1 The transfer of Undertakings under Clause 3 above, the continuance of the effectiveness of contracts and deeds under Clause 4 above and legal proceedings by or against the Transferee Company under Clause 5 above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Companies on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Companies in respect thereto as done and executed on behalf of itself.

8. CONDUCT OF BUSINESS OF THE TRANSFEROR COMPANIES TILL EFFECTIVE DATE

With effect from the Appointed Date and up to and including the Effective Date:

- 8.1 The Transferor Companies shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.
- 8.2 All profits or income or taxes, including but not limited to income tax, fringe benefit tax, advance taxes, tax deducted at source by or on behalf of the Transferor Companies, wealth tax, sales tax, value added tax, excise duty, service tax, customs duty, refund, reliefs, etc., accruing or arising to the Transferor Companies, or losses arising or expenditure incurred by them, on and from Appointed Date upto the Effective Date, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure or the said taxes of the Transferee Company.
- 8.3 The Transferor Companies shall carry on their business activities with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose off any of their business undertaking(s) or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by the Transferor Companies prior to the Appointed Date).



- 8.4 The Transferee Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.
- 8.5 The Transferor Companies shall continue to comply with the provisions of the Act including those relating to preparation, presentation, circulation and filing of accounts as and when they become due for compliance.
- 8.6 The Transferor Companies shall not make any modification to their capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassification, sub-division or reorganisation or in any other manner, whatsoever, except by mutual consent of the Boards of Directors of the Transferor Companies and of the Transferee Company.
- 8.7 The Transferor Companies shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees without the consent of the Board of Directors of the Transferee Company.

9. AUTHORISED SHARE CAPITAL

- 9.1 Upon the Scheme becoming fully effective, the authorised share capital of the Transferor Companies shall stand combined with the authorised share capital of the Transferee Company. 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 the Transferee Company on the combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorised share capital.
- 9.2 Clause V of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended under applicable provisions of the Act by deleting the existing Clause and replacing it by the following:

"V. The Authorised Share Capital of the Company is Rs.27,50,00,000/- (Rupees Twenty Seven Crores and Fifty Lakhs only) divided into 27,50,00,000 (Twenty Seven Crores and Fifty Lakhs) equity shares of Re.1/- (Rupee One only) each with power to increase or reduce the capital and with liberty to divide the capital into several classes and to attach thereto respectively such preferential rights, privileges, or conditions in



such manner as may be permitted by the Companies Act and as the company deems fit and necessary.”

- 9.3 The approval of this Scheme under Sections 391 and 394 of the Companies Act, 1956 shall be deemed to have the approval under Section 13, 14, 61 & 62 and other applicable provisions of the Companies Act 2013 and any other consents and approvals required in this regard.

10. CANCELLATION OF EQUITY SHARES & PREFERENCE SHARES OF THE TRANSFEROR COMPANIES / REORGANISATION OF CAPITAL

- 10.1 The Transferor Company (1) is a wholly-owned subsidiary of the Transferee Company and Transferor Company (2) is a subsidiary of Transferor Company (1) with its entire paid-up share capital held by Transferor Company (1) and the Transferee Company.

Upon this Scheme coming into effect, the equity shares of the Transferor Company (1) held by the Transferee Company directly and/or through its nominee(s), constituting the entire paid up share capital of the Transferor Company (1) will stand cancelled and the equity and preference shares of Transferor Company (2) held by Transferor Company (1) and the Transferee Company, as mentioned above, directly and/or through its nominee(s), constituting the entire paid-up share capital of the Transferor Company (2) will stand cancelled.

Accordingly, there would be no issue of shares of the Transferee Company to the shareholders (including those holding the shares as nominees of the Transferee Company) of the Transferor Companies.

11. ACCOUNTING TREATMENT

Upon the Scheme becoming effective, the amalgamation of the Transferor Companies with the Transferee Company would follow '**pooling of interest/amalgamation in the nature of merger**' method as prescribed in the Accounting Standard 14: 'Accounting for Amalgamations' as notified under Section 211(3C) of the Companies Act, 1956 read with notified provisions of Section 133 of the Companies Act, 2013, such that:-

- 11.1 The Transferee Company shall, upon the Scheme coming into effect, record the assets and liabilities of the Transferor Companies vested in it pursuant to this Scheme at the respective book values thereof and in the same form as appearing in the books of the Transferor Companies at the close of business of the day immediately preceding the Appointed Date.
- 11.2 The Transferee Company shall record the security premium, general reserves and the capital reserves, if any, of the Transferor Companies in the same form and at the same values as they appear in the financial statements of the Transferor Companies at the close of business of the day immediately preceding the Appointed Date. The surplus balance in the Statement of Profit and Loss of the Transferor Companies shall be



similarly aggregated with the surplus balances in statement of Profit and Loss of the Transferee Company.

- 11.3 The accumulated losses/ deficit in the Statement of Profit and Loss of the Transferor Companies shall be shown as goodwill in the books of the Transferee Company
- 11.4 The difference, if any, between the investment of the Transferee Company and the amount of share capital of the Transferor Companies shall be adjusted in the Reserves of the Transferee Company
- 11.5 To the extent there are inter-corporate loans or balances between the transferor Companies and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.

12. CONSEQUENTIAL MATTERS RELATING TO TAX

- 12.1 Upon the Scheme coming into effect, all taxes/ cess/ duties, direct and/or indirect, payable by or on behalf of the Transferor Companies from the Appointed Date onwards including all or any refunds and claims, including refunds or claims pending with the Revenue Authorities and including the right to claim credit for minimum alternate tax and carry forward of accumulated losses, shall, for all purposes, be treated as the tax/ cess/ duty, liabilities or refunds, claims and accumulated losses of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise, if it becomes necessary, its Income tax returns, Sales tax returns, Excise & Cenvat returns, service tax returns, other tax returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. The Transferee Company is also expressly permitted to claim refunds / credits in respect of any transaction between or amongst any Transferor Companies and the Transferee Company or inter se amongst the Transferor Companies.

Provided further that upon the Scheme becoming effective, the Transferee Company is also expressly permitted to revise, if it becomes necessary, its income tax returns and related TDS Certificates, including TDS Certificates relating to transactions between or amongst any Transferor Companies and the Transferee Company or inter se amongst the Transferor Companies, and to claim refunds, advance tax and withholding tax credits, benefit of credit for minimum alternate tax and carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.

- 12.2 In accordance with the Cenvat Credit Rules framed under the Central Excise Act, 1944, as are prevalent on the Effective Date, the unutilized credits relating to excise duties/service tax paid on inputs/capital goods/ input services lying in the accounts of the



undertakings of the Transferor Companies shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the excise duty/ service tax payable by it.

- 12.3 In accordance with the Tamil Nadu Value Added Tax Act, 2006, as are prevalent on the Effective Date, the unutilized credits, if any, relating to VAT paid on inputs/capital goods lying in the accounts of the undertakings of the Transferor Companies shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the VAT/ CST payable by it.

PART III – GENERAL TERMS AND CONDITIONS

13. APPLICATION TO COURT

- 13.1. The Transferor Companies shall, with reasonable despatch, apply to the Court for necessary orders or directions for holding meetings of the members of the Transferor Companies for sanctioning this Scheme of Amalgamation under Section 391 of the Act or for dispensing the holding of such meetings and orders under Section 394 of the Act, for carrying this Scheme into effect and for dissolution of the Transferor Companies without winding up.

14. DISSOLUTION OF TRANSFEROR COMPANIES

- 14.1 Subject to an order being made by the Court under Section 394 of the Act, the Transferor Companies shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made thereunder.

15. MODIFICATIONS / AMENDMENTS TO THE SCHEME

- 15.1 The Transferor Companies and the Transferee Company through their respective Boards of Directors including Committees of Directors or other persons, duly authorised by the respective Boards in this regard, may make, or assent to, any alteration or modification to this Scheme or to any conditions or limitations, which the Court or any other Competent Authority may deem fit to direct, approve or impose and may give such directions including an order of dissolution of the Transferor Companies without process of winding up as they may consider necessary, to settle any doubt, question or difficulty, arising under the scheme or in regard to its implementation or in any manner connected therewith and to do and to execute all such acts, deeds, matters and things necessary for putting this Scheme into effect, or to review the portion relating to the satisfaction of the



conditions to this scheme and if necessary, to waive any of those (to the extent permitted under law) for bringing this scheme into effect.

- 15.2 If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Transferor Companies and the Transferee Company, affect the validity of implementation of the other parts and/or provisions of the Scheme. If any Part or provision of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Transferor Companies and the Transferee Company that such Part or provision, as the case may be, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part or provision, as the case may be, shall cause this Scheme to become materially adverse to the Transferor Companies and the Transferee Company, in which case the Transferor Companies and the Transferee Company shall attempt to bring about a modification in the Scheme, as will best preserve for the Transferor Companies and the Transferee Company the benefits and obligations of the Scheme, including but not limited to such Part or provision.

16. DATE OF TAKING EFFECT

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

17. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

This Scheme is conditional on and subject to -

- 17.1 The Scheme being agreed to by the respective requisite majorities of the members of the Transferor Companies, if meetings of Equity Shareholders/ Preference Shareholders of the said companies are convened by the Court or if dispensation from conducting the meeting of the equity shareholders/ preference shareholders is obtained from the Court, and the sanction of the Court being accorded to the Scheme.
- 17.2 The approval of the Scheme of Amalgamation by the shareholders of the Transferee Company through postal ballot and e-voting as prescribed by the Securities and Exchange Board of India Circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015.
- 17.3 The sanction by the Court under Sections 391 and 394 and other applicable provisions of the Act being obtained by the Transferor Companies/ Transferee Company.
- 17.4 The filing with the Registrar of Companies, Coimbatore of certified copies of all necessary orders, sanctions and approvals mentioned above by the respective Company.



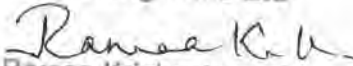
18. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

- 18.1 In the event of the Scheme not being sanctioned by the Court and/or the order or orders not being passed as aforesaid, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such event, each party shall bear and pay its respective costs, charges and expenses for and / or in connection with the Scheme.

19. EXPENSES CONNECTED WITH THE SCHEME

- 19.1 All costs, charges, levies, fees, duties and expenses of the Transferor Companies and the Transferee Company respectively in relation to or in connection with negotiations leading up to the Scheme and of carrying out and completing the terms and provisions of this Scheme and in relation to or in connection with the Scheme shall be borne and paid by the Transferee Company.

For Super Spinning Mills Ltd


Ramea Krishnakumar
Company Secretary