

DRAFT SCHEME OF ARRANGEMENT

BETWEEN

SALZER MAGNET WIRES LIMITED AND ITS MEMBERS

AND

SALZER ELECTRONICS LIMITED AND ITS MEMBERS

FOR AMALGAMATION OF

SALZER MAGNET WIRES LIMITED

WITH

SALZER ELECTRONICS LIMITED

DRAFT SCHEME OF ARRANGEMENT FOR MERGER OF SALZER MAGNET WIRES LIMITED WITH SALZER ELECTRONICS LIMITED

I. DEFINITIONS:

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

1.1: The "**transferor Company**" means **Salzer Magnet Wires Limited**, a Company incorporated under the Indian Companies Act, 1956 whose registered office is situated at S.F.863, Coimbatore Main Road, Bettathapuram, Karamadai, Coimbatore – 641 104

1.2: The "**transferee Company**" means **Salzer Electronics Limited**, a Company incorporated under the Indian Companies Act, 1956 whose registered office is situated at Samichettipalayam (PO), Jothipuram (Via), Coimbatore - 641 047.

1.3: The "**Said Act**" means the Companies Act, 1956/2013.

1.4: The "**appointed date**" means 1st April 2016 or such other date as the High Court at Chennai may direct.

1.5: The "**Effective date**" means the later of the dates on which certified copies of the order of the High court of Chennai vesting the assets, properties, liabilities, rights, duties, obligations and the like of the transferor Company in the transferee Company are filed with the Registrar of Companies, Coimbatore, Tamilnadu and also the dates of obtaining consents, approvals, permissions, resolutions, agreements, sanction and orders necessary thereof pursuant to the various provisions of the Companies Act 1956/2013 as the case may be, Rules and Regulations made thereof and being in force from time to time and any other applicable rules and regulations under the Statutes, as may be necessary.

1.6: "Undertaking" shall mean

a) All the assets and properties of the transferor Company as on the appointed date.

b) All the debts, liabilities, duties and obligations of the transferor Company as on the appointed date.(hereinafter referred to as "the said liabilities")

c) Without the prejudice the generality of sub-clause (a) above, the under taking of the transferor Company shall include all the transfer of company's reserves, movable and immovable properties, assets, including lease hold rights, tenancy rights, industrial and other licences, permits, authorizations, quota rights, trade marks, patents and other industrial and intellectual properties, import quotas, telephones, telex, facsimile and other communication facilities and equipments, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals.

1.7: The "**Scheme**" means this Scheme of amalgamation in its present form or with any modification(s) approved or imposed or directed by the High Court at Chennai.

1.8: RATIONALE OF THE PROPOSED SCHEME OF MERGER / AMALGAMATION

Both the Transferor & Transferee companies are engaged in the similar and synergistical line of business i.e., manufacture of electrical installation products to provide solutions for electrical applications and the proposed merger / amalgamation will provide a consolidated, synergistical and stronger operational structures to the business of the company and also provide the size

economy in its infrastructure utility in a cost competitive manner to meet the customers satisfaction in power generation, machinery manufacturing and motor and automobile industries.

2. SHARE CAPITAL

2.1: The authorised share capital of the transferor Company is Rs.20,00,00,000/- divided into 2,00,00,000 equity shares of Rs.10/- each. The issued, subscribed and paid-up share capital is Rs.13,28,36,000/- divided into 1,32,83,600 equity shares of Rs.10/- each.

2.2. The authorised share capital of the transferee Company is Rs.20,00,00,000/- divided into 2,00,00,000 equity shares of Rs.10 each. As on 1st April 2016 i.e., appointed date, the issued, subscribed and paid up share capital is Rs.13,64,31,870/- divided into 1,36,43,187 equity shares of Rs.10/- each.

2.3. The authorised capital of the transferee company will get increased to the extent of the authorized capital of the transferor company on merger.

03. TRANSFER OF UNDERTAKING

3.1: With effect from the opening of business as on the appointed date, the undertaking of the transferor Company shall, without any further act or deed be and the same shall stand transferred to and vested in or deemed to have been transferred to or vested in the transferee Company pursuant to the provisions of Section 394 and other applicable provisions of the said Act.

3.2.1. Without prejudice to the generality of Clause 3.1.1 above, upon the coming into effect of the Scheme and with effect from the Appointed Date.

3.2.1. All the estate, assets (including intangible assets), properties, investments of all kinds (that is, shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), rights, claims, title, interest and authorities including accretions and appurtenances, whether or not provided and/or recorded in the books of accounts, comprised in the Undertaking of whatsoever nature and where-so-ever situate shall, under the provisions of Sections 391 to 394 of the 1956 Act and other provisions of the 1956 Act or the 2013 Act, as applicable, and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, will be and shall stand transferred to and vested in the Transferee Company and/or be deemed to be transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern so as to become, as and from the Appointed Date, the estate, assets (including intangible assets), properties, investments of all kinds (that is, shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), rights, claims, title, interest and authorities including accretions and appurtenances of the Transferee Company.

3.2.2. Such of the assets and properties of the Transferor Company as are movable in nature or incorporeal property or are otherwise capable of transfer by delivery or possession, or by endorsement and/or delivery shall, under the provisions of Sections 391 to 394 of the 1956 Act and other provisions of the 1956 Act or the 2013 Act, as applicable, and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in the Transferee Company and/or be deemed to be transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern so as to become from the Appointed Date, the assets and properties of the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting

and recordal pursuant to this Scheme, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.

- 3.2.3. All other movable properties of the Transferor Company, including investments of all kinds (that is, shares, scripts, stocks, bonds, debenture stocks, units or pass through certificates), sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, deposits with any Government, quasi government, local or other authority or body or with any company or other person, the same shall, under the provisions of Sections 391 to 394 of the 1956 Act and other provisions of the 1956 Act or the 2013 Act, as applicable, and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, will be and shall stand transferred to and vested in the Transferee Company and/or be deemed to have been transferred to and vested in the Transferee Company, by way of delivery of possession of the respective documents, as applicable, as a part of the transfer of the Undertaking as a going concern, so as to become from the Appointed Date, the assets and properties of the Transferee Company.
- 3.2.4. The Transferee Company may, if it so deems appropriate, give notice in such form as it deems fit and proper, to each such debtor or obligor, that pursuant to this sanction of this Scheme by the High Court, such debt, loan, advance, claim, bank balance, deposit or other asset be paid or made good or held on account of the Transferee Company as the person entitled thereto, to the end and intent that the right of the Transferor Company to recover or realize all such debts (including the debts payable by such debtor or obligor to the Transferor Company) stands transferred and assigned to the Transferee Company and that appropriate entries should be passed in the books of accounts of the relevant debtors or obligors to record such change. It is hereby clarified that investments, if any, made by the Transferor Company and all the rights, title and interest of the Transferor Company in any licensed properties or leasehold properties shall, pursuant to Section 394(2) of the 1956 Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company.
- 3.2.5. All immovable properties of the Transferor Company, including land together with buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Company, whether freehold or leasehold or licensed or otherwise and all documents of title, rights and easements in relation thereto shall stand transferred to and be vested in and transferred to and/or be deemed to have been and stand transferred to and vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company and/or the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations in relation to or applicable to such immovable properties. The mutation of the ownership or title, or interest in the immovable properties shall, upon this Scheme becoming effective be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of this Scheme by the Court in accordance with the terms hereof, without requirement of any further instrument or Deed.
- 3.2.6. All lease/license or rent agreements entered into by the Transferor Company with various landlords, owners and lessors in connection with the use of the assets of the Transferor Company, together with security deposits and advance/prepaid lease/license fee etc., shall stand automatically transferred and vested in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The Transferee Company shall continue to pay rent, or lease or license fee as provided for in such agreements, and the Transferee Company and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants there-under. Without limiting the generality of the foregoing,

the Transferee Company shall also be entitled to refund of security deposits paid under such agreements by the Transferor Company.

- 3.2.7. All permissions, approvals, consents, subsidies, incentives, cane area allocations, privileges, income tax benefits and exemptions, indirect tax benefits and exemptions, all other rights, benefits and Liabilities related thereto, licenses, powers and facilities of ever kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Transferor Company enjoyed or conferred upon or held or availed by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether on, before or after the Appointed Date, if any, shall, under the provisions of Sections 391 to 394 of the 1956 Act and other provisions of the 1956 Act or the 2013 Act, as applicable, and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern so as to become, as and from the Appointed Date, the permissions, approvals, consents, subsidies, incentives, cane area allocations, privileges, income tax benefits and exemptions, indirect tax benefits and exemptions, all other rights, benefits and Liabilities related thereto, licenses, powers and facilities of ever kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions. It is further clarified that they shall be deemed to have originally been given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof and the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.
- 3.2.8. All contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies) for the purpose of carrying on the business of the Transferor Company, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description whatsoever nature in relation to the Transferor Company, or to the benefit of which, the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on, against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligor thereto, in relation to the same, any procedural requirements required to be fulfilled solely by the Transferor Company (and not by any of its successors), shall be fulfilled by the Transferee Company. As if it is the duly constituted attorney of that Transferor Company.
- 3.2.9. Without prejudice to the generality of the foregoing, all leave and license agreements/deeds, lease agreements, deeds, bank guarantees, performance guarantees and letters of credit, hire purchase agreements, lending agreements and such other agreements, deeds, documents and arrangements pertaining to the businesses of the Transferor Company or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, including all rights and benefits (including benefits of any deposit, advances, receivables or claims) arising or accruing therefrom, shall with effect from Appointed Date and upon this Scheme becoming effective, by operation of law pursuant to the vesting orders of the Court, be deemed to be contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses of the Transferee Company. Such property and rights shall stand vested in the Transferee Company and shall be deemed to have become the property of the Transferee Company by operation of law, whether the same is implemented by endorsement or delivery and possession or recordal in any other manner.
- 3.2.10. All the intellectual property rights of any nature whatsoever, including but not limited to intangible assets appertaining to the Transferor Company, whether or not provided in books of accounts of the Transferor Company, shall under

the provisions of Sections 391 to 394 of the 1956 Act and other provisions of the 1956 Act or the 2013 Act, as applicable, and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in the Transferee Company and/or be deemed to be transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern so as to become, as and from the Appointed Date the intellectual property of the Transferee Company.

- 3.2.11. All taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax, credits, securities transaction tax, taxes withheld/paid in a foreign country, value added tax, sales tax, service tax, or goods and service tax, as applicable, excise duty, wealth tax, fringe benefit tax and tax collected at source, etc) payable by or refundable to or being the entitlement of the Transferor Company, including all or any refunds or claims shall be treated as the tax liability or refunds/ credits/ claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, tax holidays, remissions, reductions, as would have been available to the Transferee Company. Benefit of tax losses including brought forward business loss, unabsorbed depreciation etc. of Transferor Company (including unabsorbed Business loss and unabsorbed depreciation available to the Transferor Company in view of any arrangement undertaken, pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956, prior to the Appointed Date), Up to the Appointed Date, shall be available to Transferee Company w.e.f. Appointed Date in terms of Section 72A of Income Tax Act, 1961.
- 3.2.12. The Transferee Company shall be entitled to claim refunds or credits, including Input Tax Credits, with respect to taxes paid by, for, or on behalf of, the Transferor Company under applicable laws, including but not limited to sales tax, value added tax, service tax, excise duty or any other tax, whether or not arising due to any inter se transaction, even if the prescribed time limits for claiming such refunds or credits have lapsed. For the avoidance of doubt, Input Tax Credits already availed of or utilized by the Transferor Company and the Transferee Company in respect of inter se transactions shall not be adversely impacted by the cancellation of inter se transactions pursuant to this Scheme.
- 3.2.13. All statutory rights and obligations of Transferor Company would vest on/accrue to Transferee Company. Hence, obligation of the Transferor Company, prior to the Effective Date, to issue or receive any statutory declaration or any other Forms by whatever name called, under the State VAT Acts or the Central Sales Tax Act or any other applicable law for the time being in force, would be deemed to have been fulfilled if they are issued or received by Transferee Company and if any Form relating to the period prior to the said Effective Date is received in the name of the Transferor Company, it would be deemed to have been received by the Transferee Company in fulfillment of its obligations.
- 3.2.13.1. Benefits of any and all corporate approvals as may have already been taken by the Transferor Company, whether being in the nature of compliances or otherwise, shall under the provisions of Sections 391 to 394 of the 1956 Act and other provisions of the 1956 Act or the 2013 Act, as applicable law, if any without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in the Transferee Company as a part of the transfer of the Undertakings as a going concern, and the said corporate approvals and compliances shall be deemed to have originally been taken / complied with by the Transferee Company.
- 3.2.14. The resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall under the provisions of Sections 391 to 394 of the of 1956 Act and other provisions of the 1956 Act or the 2013 Act, as applicable, and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such

resolutions have any monetary limits approved under the provisions of the 1956 Act or the 2013 Act as applicable, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

3.2.15. Such of the assets comprised in the Undertaking and which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall under the provisions of Sections 391 to 394 of the 1956 Act and other provisions of the 1956 Act or the 2013 Act, as applicable, and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern, so as to become, as and from the Appointed Date, the assets of the Transferee Company.

3.3. Without prejudice to the generality of Clause 3.1 above, upon the coming into effect of this Scheme and with effective from the Appointed Date:

3.3.1. All the Liabilities, whether or not provided in the books of the Transferor Company, shall under the provisions of Sections 391 to 394 of the 1956 Act and other provisions of the 1956 Act or the 2013 Act, as applicable, and all other provisions of applicable law, if any, without any further act, instrument, deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern and the same shall be assumed by the Transferee Company, to the extent they are outstanding on the Effective Date and shall become as and from the Appointed Date the Liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company and shall meet, discharge and satisfy the same.

3.3.2. All Liabilities comprised in the Undertaking, and which are incurred or which arise or accrue to the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall under the provisions of Sections 391 to 394 of the 1956 Act and other provisions of the 1956 Act or the 2013 Act, as applicable, and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern and the same shall be assumed by the Transferee Company and to the extent they are outstanding on the Effective Date on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company and shall meet, discharge and satisfy the same

3.3.3. Any Liabilities of the Transferor Company as on the Appointed Date that are discharged by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to have been discharged for and on account of the Transferee Company.

3.3.4. All loans raised and utilized, liabilities, duties and taxes and obligations incurred or undertaken by the Transferor Company on or after the Appointed Date but prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and shall, under the provisions of Sections 391 to 394 of the 1956 Act and other provisions of the 1956 Act or the 2013 Act, as applicable, and all other provisions of applicable law, if any, without any further act, instrument, deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going

concern and the same shall be assumed by the Transferee Company and to the extent they are outstanding on the Effective Date, the Transferee Company shall meet, discharge and satisfy the same.

- 3.3.5. Loans, advances and other obligations (including any arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall, under the provisions of Section 391 to 394 of the 1956 Act and other provisions of the 1956 Act or the 2013 Act, as applicable, and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge, stand discharged and come to an end and there shall be no liability in that behalf of any party and the appropriate effect shall be given in the books of accounts and records of the Transferee Company.
- 3.3.6. Without prejudice to the generality of the foregoing, the interest free unsecured loan from the promoters of the Transferor Company to the Transferor Company, shall stand transferred to the Transferee Company, from the Appointed Date, on the Scheme becoming Effective, and the same will continue to be the interest free unsecured loan in the Transferee Company and be repayable with the consent of the Board of Directors subject to the recommendation of Audit Committee of the Transferee Company after reviewing the cash flow position of the Transferee Company.
- 3.4. With effect from the effective date, and subject to any corrections and adjustments as may, in the opinion of the Board of Directors of the transferee Company be required, the reserves of the transferor Company will be merged with those of the transferee Company in the same form as they appear in the financial statements of the transferor Company. In other words, the identity of the reserves of the transferor Company will be preserved at the hands of the transferee Company.

The difference between the amount recorded as fresh share capital issued by the transferee Company on amalgamation and the amount of share capital of the transferor Company will be reflected in the reserves of the transferee Company.

Further, in case of any differences in accounting policy between the companies or otherwise, the impact of the same till the amalgamation will be quantified and adjusted in the reserves mentioned earlier to ensure that the financial statements of the transferee Company reflect correct financial position.

- 3.5. With effect from the appointed date, all the said liabilities shall, without any further act or deed, be and stand transferred, to the transferee Company, pursuant to the applicable provisions of the said Act, so as to become as from the appointed date the debts, liabilities, duties and obligations of the transferee Company.

4. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

Subject to other provisions contained in the Scheme, all contracts, deeds, bonds, debentures, agreements and other instruments of whatever nature to which the transferor Company is a party subsisting or having effect immediately before the effective date shall remain in force and effect against or in favour of the transferee Company as the case may be and may be enforced as fully and as effectually as if instead of the transferor Company, the transferee Company has been a party thereto.

5. LEGAL PROCEEDINGS

If any suit, writ petition, appeal, revision or other proceeding of whatever nature (hereinafter called "the Proceedings") by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of the transferor Company or of anything contained in the Scheme but the proceedings may be continued, prosecuted and enforced by or against the transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the transferor Company as if the Scheme

has not been made. On and from the effective date, the transferee Company shall and may initiate any legal proceedings for and on behalf of the transferor Company.

6. OPERATIVE DATE OF THE SCHEME

The Scheme, although operative from the appointed date, shall become effective from the effective date.

7. TRANSFEROR COMPANY'S STAFF, WORKMEN AND EMPLOYEES

All the staff, workmen and other employees in the service of the transferor Company immediately before the transfer of the undertaking shall become the staff, workmen and the employees of the transferee Company on the basis that:

7.1: Their service shall have been continuous and shall not have been interrupted by reason of the transfer of the undertaking:

7.2: Their terms and conditions of service applicable to the said staff, workmen or employees after such transfer shall not in any way less favourable to them than those applicable to them before the transfer: and

7.3: It is expressly provided that as far as Provident fund, Gratuity Fund, Superannuation Fund or any other Special fund created or existing for the benefit of their staff, workmen and other employees of the transferor Company are concerned upon the Scheme being effective, the transferee Company shall stand substituted for the transferor Company for all purposes. It is clarified that the services of the employees of the transferor will also be treated as having been continuous for the purpose of the aforesaid funds or provisions.

8. CONDUCT OF BUSINESS BY TRANSFEROR COMPANY TILL EFFECTIVE DATE

With effect from the appointed date and up to the effective date, the transferor Company:

8.1: shall carry on and be deemed to carry on all its business and activities and stand possessed of its properties and assets for an on account of and in trust for the transferee Company and all the profits accruing to the transferor Company or losses arising or incurred by it shall for all purposes, be treated as the profits or losses of the transferee Company as the case may be:

8.2: hereby undertakes to carry on its business until the effective date with reasonable diligence and shall not without the written consent of the transferee Company, alienate, charge or otherwise deal with the said undertaking or any part thereof except in the ordinary course of its business:

8.3: shall not vary the terms and conditions of the employment of its employees except in the ordinary course of business: and

8.4: shall not without the written consent of the transferee Company, undertake any new business.

9. ISSUE OF SHARES BY THE TRANSFEREE COMPANY

9.1: Upon the Scheme becoming finally effective, in consideration of the transfer and vesting of the undertaking of the transferor Company in the transferee Company in terms of the Scheme, the transferee Company shall subject to the provisions of the Scheme and without any further application or deed and approval of whatsoever, issue at par and allot One Equity shares (1) of the face value of Rs.10/- each credited as fully paid up in the capital of the transferee Company for every Sixteen Equity shares (16) of the face value of Rs.10/- each to the shareholders of the transferor Company, whose names are appeared/ recorded in its register of members, on a date (record date) to be fixed by the Board of Directors of the transferee Company, by

making the shares of the transferor company automatically stand cancelled and the shares of the transferee company to the shareholders of the transferor company whose name appeared in the Register of Member of the transferor company as on the record date as aforesaid.

Provided however, that no such allotment shall be made in respect of any equity shares held by the transferee Company or its subsidiary Company/ies in the share capital of the transferor Company on the record date which shall stand nullified once for all.

9.2: No fractional coupons shall be issued by the transferee Company in respect of fractional entitlements, if any, to which the shareholders of the transferor Company may be entitled on issue and allotment of the equity shares of the transferee Company as aforesaid. The Directors of the transferee Company shall instead consolidate all such fractional entitlements to which the members of the transferor Company may be entitled on issue and allotment of equity shares of the transferee Company as aforesaid and thereupon issue and allot equity shares in lieu thereof to a Director or and officer of the transferee Company on the express understanding that such Director or Officer to whom such equity shares be allotted shall sell the same in the market at the best available price and pay to the transferee Company the net sale proceeds thereof whereupon the transferee Company shall distribute such net sale proceeds to the members of the transferor Company in proportion to their fractional entitlements.

9.3: For purposes as aforesaid, the transferee Company shall, if and to the extent required apply for and obtain the requisite consent or approval of the Reserve Bank of India and other appropriate authorities concerned for the issue and allotment by the transferee Company to the respective non-resident members of the Transferor Company, of the equity shares in the said re-organized share capital of the transferee Company in the ratio aforesaid.

10. OUTSTANDING CONVERTIBLE SECURITIES IN TRANSFEREE COMPANY

10.1 As on appointed date April 01,2016, the transferee company has following outstanding convertible securities:-

- a) Out of 10,28,000 Stock Options granted to Employees of transferee Company on November 19,2013 and vested on November 19,2014 under Salzer Electronics Limited Employees Stock Option Scheme; 7,29,550 Stock Options are outstanding which are exercisable into similar number of equity shares from time to time till November 18, 2019 and
- b) Out of 10,00,000 Share warrants issued on July 14,2015 in terms of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulation 2009 to the Promoters and their bodies corporate, 5,80,000 Share warrants are outstanding which are convertible into similar number of equity shares from time to time till January 14,2017

10.2 Without any prejudice to the Scheme, the transferee Company will issue the shares in accordance with terms of respective issues as aforesaid upon conversion of securities by the holders concerned during the given period;

10.3 The issue of Shares to the shareholders of Transferor Company upon this Scheme on merger under Clause 9 of this Scheme as well as issue of shares as specified above will not violate relevant SEBI Regulations on the requirement of maintaining minimum public shareholding for listed Company.

11. DIVIDENDS, PROFITS, BONUS AND RIGHTS SHARES

11.1: The Transferor Company shall not declare any dividend for the period from and after 1st April 2016 without the written consent of the transferee Company.

11.2: Subject to the provisions of the Scheme, the profits of the transferor Company for the period beginning from 1st April 2016 shall belong to and be the profits of the Transferee Company and will be available to the transferee Company for being disposed of in any manner as it thinks fit including declaration of dividend by the transferee Company.

11.3: The Transferor Company shall not issue or allot any rights share or bonus share out of its authorised or unissued share capital for the time being.

12. APPLICATION TO THE HIGH COURT

The Transferor Company and Transferee Company hereto shall, with all reasonable dispatch, make applications under sections 391 and 394 of the said Act to the High Court of Judicature at Chennai for sanctioning the Scheme and for dissolution of the transferor Company without winding up.

13. MODIFICATION/AMENDMENTS TO THE SCHEME

13.1: The Transferor Company (by its Directors) and the Transferee Company (by its Directors) may assent to any modification or amendment to the Scheme or agree to any terms and/or conditions which the Court and/or any other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and other things as may be necessary, desirable or expedient for putting the Scheme into effect.

13.2: For the purpose of giving effect to the Scheme or any modification thereof, the Directors of the transferee Company are hereby authorised to give such directions and/or to such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

14. SCHEME CONDITIONAL ON APPROVALS/SANCTIONS

The Scheme is conditional on and subject to:

14.1: The approval to the Scheme by the public shareholders shall be through postal ballot and e-voting and shall be acted upon only if the vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by public shareholder against it as per para 1(A)(9)(a) of Circular No.CIR/CFD/CMD/16/2015 dt.30.11.2015 issued by SEBI, of the Transferor company and Transferee company, Secured and unsecured creditors of the transferor company and transferee company.

14.2: The requisite resolution(s) under the applicable provisions of the said Act being passed by the shareholders of the transferee Company for any of the matters provided for or relating to the Scheme including approval to the issue and allotment of equity shares in the transferee Company to the members of the transferor Company, as may be necessary or desirable.

14.3: The sanction/order of the High Court of Judicature at Madras under Section 391 and 394 of the said Act being obtained.

14.4: The requisite approval of the Reserve Bank of India being obtained under the Provisions of Foreign Management Act for issue of shares in the transferee Company to the non-resident shareholders of the transferor Company, wherever necessary.

14.5: Any other sanction/approval of the appropriate authorities concerned, as may be considered necessary and appropriate by the respective Board of Directors of the transferor Company and the transferee Company being obtained and granted in respect of any of the matters for which such sanction or approval as may be required.

15. EFFECT OF NON-RECEIPT OF APPROVAL/SANCTIONS

In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the High Court as aforesaid on or before 31th December 2017 or within such further period or periods as may be agreed upon between the transferor Company and transferee Company through their respective Board of Directors, the Scheme shall become null and void and each party shall bear, pay its respective costs, charges and expenses and /or in connection with the Scheme.

16. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges and expenses of the transferor Company and the transferee Company respectively in relation to or in connection with the Scheme and of carrying out and implementing/ completing the terms and provisions of the Scheme and/or incidental to the completion of amalgamation of the said undertaking of the transferor Company in pursuance of the Scheme shall be borne and paid solely by the transferee Company.

SCHEDULE I

Details of immovable assets of the transferor company comprised in the undertaking being transferred and vested in the transferee as a consequence of merger / amalgamation.

The whole of the immovable properties pertaining to the Transferor company wherever situated and whatever the form it may be including land and buildings, plant and machinery and all rights, title interest appurtenant thereto, all documents of title pertaining thereto and all easementary and other rights attributable thereto including the lands situated at :

**Coimbatore Registration Division, Perianaickenpalayam Sub Registration, Coimbatore District, Coimbatore (North) Division,
Billichi Village**

Sl.No.	Documents No. / date	Name of the Village	S.F.No.	Extent (in Acres)
1	13187/2008 dt.24.09.2008	Billichi Village	882/3	1.38
