

SCHEME OF AMALGAMATION

OF

HDFC ERGO HEALTH INSURANCE LIMITED

WITH

HDFC ERGO GENERAL INSURANCE COMPANY LIMITED

***(UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF
THE COMPANIES ACT, 2013)***

PREAMBLE

This Scheme (*as defined hereinafter*) is presented under Sections 230 to 232 and other applicable provisions of the Act (*as defined hereinafter*), for the amalgamation of the Transferor Company (*as defined hereinafter*) with the Transferee Company (*as defined hereinafter*); issuance of New Equity Shares (*as defined hereinafter*) by the Transferee Company to the equity shareholders of the Transferor Company; merger of the authorised share capital of the Transferor Company with the authorised share capital of the Transferee Company; and for matters consequential, incidental, supplementary and or otherwise integrally connected therewith.

INTRODUCTION

- (a) The Transferor Company was incorporated on November 22, 2006 as Apollo DKV Insurance Company Limited, a public limited company, with the Registrar of Companies, Andhra Pradesh, under the provisions of the Companies Act, 1956. Its name was changed to Apollo Munich Health Insurance Company Limited on December 22, 2009. The registered office of the Transferor Company was shifted from the State of Telangana to the State of Maharashtra on October 3, 2019. The name was further changed to HDFC ERGO Health Insurance Limited on January 8, 2020. The Corporate Identification Number of the Transferor Company is U66030MH2006PLC331263. The registered office of the Transferor Company is currently situated at 101, First Floor, Inizio, Cardinal Gracious Road, Chakala, Opposite P & G Plaza, Andheri (East), Mumbai – 400 069. The Transferor Company is in the business of providing health insurance, personal accident insurance and travel insurance. Housing Development Finance Corporation Limited (“HDFC”) holds 51.16% of the paid-up equity share capital of the Transferor Company and the Transferor Company is the subsidiary of HDFC. The debentures issued by the Transferor Company are listed on the Wholesale Debt Market segment of the BSE Limited.
- (b) The Transferee Company was incorporated on December 27, 2007 as L&T General Insurance Company Limited, a public limited company, with the Registrar of Companies, Maharashtra, under the provisions of the Companies Act, 1956. Its name was changed to (a) HDFC General Insurance Limited on September 14, 2016; and (b) HDFC ERGO General Insurance Company Limited on August 14, 2017. The Corporate Identification Number of the Transferee Company is U66030MH2007PLC177117. The registered office of the Transferee Company is situated at HDFC House, 1st floor, 165-166 Backbay Reclamation, H.T. Parekh Marg, Churchgate, Mumbai – 400 020. The Transferee Company offers a complete range of general insurance products including motor, health, home, agriculture, travel, credit, cyber and personal accident in the retail space; and property, marine, engineering, marine cargo, group health and liability insurance in the corporate space. HDFC holds 50.48% of the paid-up equity share capital of the Transferee Company and the Transferee Company is the subsidiary of HDFC. The debentures issued by the Transferee Company are listed on the Wholesale Debt Market segment of the BSE Limited.

- (c) This Scheme is presented under Sections 230 to 232 and other applicable provisions of the Act for the amalgamation of the Transferor Company into and with the Transferee Company in accordance with the relevant provisions of the Act, Section 2(1B) of the Income Tax Act, 1961 and other Applicable Laws.

RATIONALE FOR THIS SCHEME

The business carried on by the Transferor Company (i.e. health insurance business) is substantially similar to one segment of the business that is being carried on by the Transferee Company, i.e. the general insurance business including health insurance business. Merger of the Companies (*as defined hereinafter*) will result in the shareholders holding shares in a single company carrying on the business of general insurance (which includes the health insurance business). The restructuring, consolidation and streamlining pursuant to this Scheme shall achieve the following benefits:

- (i) Consolidation of the business of the Transferor Company and the Transferee Company, leading to synergy in operations, greater financial strength, and improve the position of the merged entity by offering unified yet comprehensive services to the policyholders of the Transferor Company and the Transferee Company post the completion of the Scheme;
- (ii) Assisting in achieving higher long term financial returns and making available the assets, employees, financial, managerial and technical resources, personnel, capabilities, skills, expertise and technologies of both the Transferor Company and the Transferee Company leading to synergistic benefits, enhancement of future business potential, cost reduction and efficiencies, productivity gains and logistical advantages, including operational rationalization, organizational efficiency and optimal utilization of resources, which will be in the interest of shareholders, policyholders, employees, creditors and other stakeholders, thereby contributing to significant future growth and enhancement of shareholder value post the completion of the Scheme;
- (iii) Rationalization and standardization of the business processes, economies of scale, corporate and administrative efficiencies, and streamlining of operations to enable more efficient management, control and day to day operations to reduce overheads, administrative and other expenditure, which will contribute to make the Transferee Company more profitable, thereby further offering better service to policyholders and enhancing the overall shareholder value post the completion of the Scheme;
- (iv) Enabling common accounting, common compliances, and common auditing resulting in reduction of costs, post the completion of the Scheme;
- (v) Pooling in administrative synergies and know-how of the Transferor Company with the Transferee Company, post the completion of the Scheme; and
- (vi) Achieving greater efficiency in funds management in the Transferee Company, unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities.

PARTS OF THE SCHEME

- (a) **PART I** deals with the definition, interpretation, effective date and share capital;
- (b) **PART II** deals with the amalgamation of the Transferor Company into and with the Transferee Company in accordance with Sections 230 to 232 of the Act; and
- (c) **PART III** deals with the general terms and conditions applicable to the Scheme.

PART I

DEFINITIONS, INTERPRETATION, EFFECTIVE DATE AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions have the meanings as set out herein below:

“**Act**” means the Companies Act, 2013, as notified, clarified, amended, supplemented, modified and/or replaced from time to time and shall include any statutory replacement or re-enactment thereof, including any rules made thereunder or notifications, circulars or orders made/issued thereunder from time to time and shall include the provisions of the Companies Act, 1956, to the extent the corresponding provisions in the Companies Act, 2013 has not been notified;

“**Applicable Law**” means all applicable (i) statutes, enactments, acts of legislature or parliament, laws, ordinances, code, directives, rules, regulations, bye-laws, notifications, guidelines or policies of any applicable jurisdiction; and (ii) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or approvals required from Governmental Authorities of, or agreements with, any Governmental Authority;

“**Appointed Date**” means March 1, 2020;

“**Board of Directors**” or “**Board**” in relation to the Companies means their respective board of directors, and unless it is repugnant to the context or otherwise, includes any committee of directors or any person authorised by the board of directors or by such committee of directors;

“**Companies**” means collectively, the Transferor Company and the Transferee Company;

“**Competent Authority**” means the National Company Law Tribunal, Mumbai Bench, which has the jurisdiction in relation to the Companies;

“**Effective Date**” means the date on which certified copies of the orders of the Competent Authority are filed with the RoC after the last of the approvals or events specified under Clause 9 of Part III of the Scheme are satisfied or obtained or have occurred or the requirement of which has been waived (in writing) in accordance with

this Scheme. The Scheme shall be operative from the Effective Date and effective from the Appointed Date and any references in this Scheme to “upon this Scheme becoming effective”, “Scheme becomes effective” or “effectiveness of this Scheme” or likewise, means and refers to the Effective Date;

“**Eligible Employees**” means the employees of the Transferor Company, who are entitled to the Transferor Company Option Scheme established by the Transferor Company, to whom, as on the Effective Date, options of the Transferor Company have been granted, irrespective of whether the same are vested or not;

“**Encumbrance**” means (a) any encumbrance including, without limitation, any claim, mortgage, negative lien, pledge, equitable interest, charge (whether fixed or floating), hypothecation, lien, deposit by way of security, security interest, trust, guarantee, commitment, assignment by way of security, or other encumbrances or security interest of any kind securing or conferring any priority of payment in respect of any obligation of any person and includes without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security in each case under any law, contract or otherwise, including any option or right of pre-emption, public right, common right, easement rights, any attachment, restriction on use, transfer, receipt of income or exercise of any other attribute of ownership, right of set-off and/ or any other interest held by a third party; (b) any voting agreement, conditional sale contracts, interest, option, right of first offer or transfer restriction; (c) any adverse claim as to title, possession or use; and/ or (d) any agreement, conditional or otherwise, to create any of the foregoing, and the term ‘encumber’ shall be construed accordingly.

“**Governmental Authority**” means any governmental or statutory or regulatory or administrative authority, government department, agency, commission, board, tribunal or court or other entity authorised to make laws, rules or regulations or pass directions, having or purporting to have jurisdiction over any state or other sub-division thereof or any municipality, district or other sub-division thereof pursuant to Applicable Law;

“**IRDA Amalgamation Regulations**” means the Insurance Regulatory and Development Authority (Scheme of Amalgamation and Transfer of General Insurance Business) Regulations, 2011;

“**IRDAI**” shall mean the Insurance Regulatory and Development Authority of India;

“**New Equity Shares**” has the meaning given to it in Clause 5.1 of Part II;

“**Record Date**” means the date to be fixed by the Board of Directors of the Transferee Company after mutual agreement on the same between the Transferee Company and the Transferor Company, for the purpose of determining the shareholders of the Transferor Company to whom the New Equity Shares will be allotted pursuant to this Scheme;

“**Registrar of Companies**” or “**RoC**” means the Registrar of Companies, Mumbai, having jurisdiction over the Transferor Company and the Transferee Company respectively;

“**Scheme**” or “**the Scheme**” or “**this Scheme**” means this scheme of amalgamation pursuant to Sections 230 – 232 and other relevant provisions of the Act, with such modifications and amendments as may be made from time to time, with the appropriate approvals and sanctions of the Competent Authority and other relevant Governmental Authorities, as may be required under the Act and under all other Applicable Laws;

“**Transferee Company**” means HDFC ERGO General Insurance Company Limited, a company incorporated under the Companies Act, 1956 and having its registered office at HDFC House, 1st floor, 165-166 Backbay Reclamation, H.T. Parekh Marg, Churchgate, Mumbai – 400 020;

“**Transferee Company Option Scheme**” has the meaning ascribed to it in Clause 8.1 of Part II of this Scheme;

“**Transferee Company Shares**” means the fully paid up equity shares of the Transferee Company, each having a face value of Rs. 10 (Rupees ten) and one (1) vote per equity share;

“**Transferor Company**” HDFC ERGO Health Insurance Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 101, First Floor, Inizio, Cardinal Gracious Road, Chakala, Opposite P & G Plaza, Andheri (East), Mumbai – 400 069 and notwithstanding anything to the contrary in this Scheme shall include:

- i. any and all of its assets, whether movable or immovable (if any), tangible or intangible, real or personal, corporeal or incorporeal, in possession or reversion, present, future, or contingent, including but not limited to registrations and memberships, electrical fittings, installations, tools, accessories, power lines, stocks, computers, communication facilities, vehicles, furniture, fixtures and office equipment, all rights, title, interests, covenants, undertakings, and society memberships and rights appurtenant to the immovable property, if any, including continuing rights, covenants, title and interests in connection with any land (together with the buildings and structures standing thereon), whether freehold or leasehold or leave and licensed or right of way and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto, plant, machinery, appliances, equipment, whether leased or otherwise, together with all present and future liabilities including contingent liabilities and debts appertaining thereto;
- ii. any and all of its investments (including shares whether in dematerialised or physical form, scrips, stocks, mutual funds, bonds including government guaranteed bonds, treasury bills, debentures, debenture stock, units, and other securities, including actionable claims, earnest monies, loans and advances, recoverable in cash or in kind or for value to be received, provisions, all cash and bank balances and deposits, money at call and short notice, contingent rights or benefits, premiums, receivables, including dividends declared or interest accrued thereon, reserves, surplus, provisions, funds, benefits of all agreements, bonds, debentures, debenture stock or units;

- iii. any and all of its licenses (including the licenses granted by any governmental, statutory or regulatory bodies for the purpose of carrying on its business or in connection therewith), permissions, allotments, approvals, consents, concessions, clearances, credits, awards, sanctions, exemptions, subsidies, registrations, no-objection certificates, permits, quotas, rights, entitlements, authorisation, applications made for obtaining all or any of the aforesaid, pre-qualifications, bid acceptances, tenders, certificates, tenancies, sales tax credits, income-tax credits, goods and service tax credits, privileges and benefits of/ arising out of all contracts, agreements, applications and arrangements and all other rights including lease rights, powers and facilities of every kind and description whatsoever, equipment, installations and utilities such as electricity, water and other service connections, all benefits including subsidies, grants, incentives, tax credits (including but not limited to credits in respect of goods and services tax, income tax, minimum alternate tax, value added tax, etc., tax refunds) and all other rights, claims and powers, of whatsoever nature;
- iv. any and all of its debts, borrowings and liabilities, present or future, whether secured or unsecured, all guarantees, assurances, commitments and obligations of any nature or description, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability);
- v. all contracts, agreements, licenses, leases, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, bids, letters of intent, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, service agreements, sales orders, purchase orders, operation and maintenance compliance, equipment purchase agreements or other instruments of whatsoever nature to which the Transferor Company is a party, and other assurances in favour of the Transferor Company or powers or authorisations granted by or to it;
- vi. all insurance policies;
- vii. any and all of its staff and employees, who are on its payrolls, including those employed at its offices and branches, employees/personnel engaged on contract basis and interns/trainees, as are primarily engaged in or in relation to the business, activities and operations carried on by the Transferor Company, including liabilities of the Transferor Company, with regard to their staff and employees, with respect to the payment of gratuity, superannuation, pension benefits and provident fund or other compensation or benefits, if any, whether in the event of resignation, death, retirement, or otherwise, in terms of its license, at its respective offices, branches or otherwise, and any other employees/personnel and interns/trainees hired by the Transferor Company as on the Effective Date;
- viii. rights of any claim not made by the Transferor Company in respect of any refund of tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Transferor Company and any interest thereon,

with regard to any law, act or rule or scheme made by the Governmental Authority, and in respect of carry forward of un-absorbed losses and unabsorbed tax depreciation, deferred revenue expenditure, rebate, incentives, benefits etc., under the Income Tax Act, 1961, sales tax, value added tax, custom duties and good and service tax or any other or like benefits under applicable law;

- ix. any and all of the advance monies, earnest monies, margin money and/or security deposits, payment against warrants or other entitlements, as may be lying with them, including but not limited to the deposits from members, investor's service fund and investor protection fund;
- x. all deposits and balances with government, quasi-government, local and other authorities and bodies, customers and other persons, earnest monies and/or security deposits paid or received by the Transferor Company, directly or indirectly;
- xi. all books, records, files, papers, engineering and process information, application software, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, lists of present and former borrowers, lenders and suppliers including service providers, other borrower information, customer credit information, customer/supplier pricing information, list of present and former agents and brokers and all other books and records, whether in physical or electronic form;
- xii. amounts claimed by the Transferor Company whether or not so recorded in the books of account of the Transferor Company from any Governmental Authority, under any law, act or rule in force, as refund of any tax, duty, cess, or of any excess payment;
- xiii. all registrations, trademarks, trade names, computer programmes, websites, manuals, data, service marks, copyrights, patents, designs, domain names, applications for trademarks, trade names, service marks, copyrights, designs and domain names exclusively used by or held for use by the Transferor Company in the business, activities and operations carried on by the Transferor Company; and
- xiv. all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Transferor Company and all other rights and interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company; and

“**Transferor Company Option Scheme**” has the meaning ascribed to it in Clause 8.1 of Part II of this Scheme.

2. INTERPRETATION

2.1 Terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income-tax Act, 1961 and other Applicable Laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time. In particular, wherever reference is made to the Competent Authority in this Scheme, the reference would include, if appropriate, reference to the Competent Authority or such other forum or authority, as may be vested with any of the powers of the Competent Authority under the Act and/or rules made thereunder.

2.2 In this Scheme, unless the context otherwise requires:

- (i) references to “persons” shall include individuals, bodies corporate (wherever incorporated), unincorporated associations and partnerships;
- (ii) the headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are inserted for ease of reference only and shall not form part of the operative provisions of this Scheme and shall not affect the construction or interpretation of this Scheme;
- (iii) references to one gender includes all genders;
- (iv) words in the singular shall include the plural and *vice versa*;
- (v) any references in this Scheme to “upon this Scheme becoming effective” or “upon coming into effect of this Scheme” or “upon the Scheme coming into effect” or “effectiveness of the Scheme” or likewise shall be construed to be a reference to the Effective Date;
- (vi) words “include” and “including” are to be construed without limitation;
- (vii) terms “hereof”, “herein”, “hereby”, “hereto” and derivative or similar words shall refer to this entire Scheme or specified Clauses of this Scheme, as the case may be;
- (viii) A reference to “writing” or “written” includes printing, typing, lithography and other means of reproducing words in a visible form including e-mail;
- (ix) Reference to any agreement, contract, document or arrangement or to any provision thereof shall include references to any such agreement, contract, document or arrangement as it may, after the date hereof, from time to time, be amended, supplemented or novated;
- (x) reference to the Recital or Clause shall be a reference to the Recital or Clause of this Scheme; and

- (xi) references to any provision of law or legislation or regulation shall include: (a) such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the date of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the transaction entered into under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced, (b) all subordinate legislations (including circulars, notifications, clarifications or supplement(s) to, or replacement or amendment of, that law or legislation or regulation) made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment.

3. EFFECTIVE DATE

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

4. SHARE CAPITAL

4.1 The share capital of the Companies as on January 10, 2020 is as set out below:

- (i) Share capital of Transferee Company is as under:

Particulars	Amount in Rs.
<u>Authorised share capital</u>	
150,00,00,000 equity shares of Rs.10/- each	1500,00,00,000
<u>Issued, Subscribed and fully paid-up share capital**</u>	
60,58,42,050 equity shares of Rs. 10/- each	605,84,20,500

**Some of the employee stock options granted to the employees of the Transferee Company may get exercised before the Effective Date, which may result in an increase in the issued and paid-up share capital of the Transferee Company. The details of the outstanding employee stock options of the Transferee Company as on January 10, 2020 are set out below:

Particulars	No. of stock options***
Stock options granted but not vested (Net of lapses)	25,01,250
Stock options granted and vested, but not exercised (Net of lapses)	11,11,750

*** Each stock option upon exercise is entitled to one equity share of Rs. 10/- each.

(ii) Share capital of the Transferor Company as on January 10, 2020 is as under:

Particulars	Amount in Rs.
<u>Authorised share capital</u>	
50,00,00,000 equity shares of Rs. 10/- each	500,00,00,000
<u>Issued, Subscribed and fully paid-up share capital**</u>	
40,56,14,332 equity shares of Rs.10/- each	405,61,43,320

** Some of the employee stock options granted to the employees of the Transferor Company may get exercised before the Effective Date, which may result in an increase in the issued and paid-up share capital of the Transferor Company. The details of the outstanding employee stock options of the Transferor Company as on January 10, 2020 are set out below:

Particulars	No. of stock options***
Stock options granted but not vested (Net of lapses)	31,95,000
Stock options granted and vested, but not exercised (Net of lapses)	Nil

*** Each stock option upon exercise is entitled to one equity share of Rs. 10/- each.

4.2 It is hereby clarified that between the date of filing of the Scheme with the Competent Authority and the Effective Date, both the Transferor Company and the Transferee Company may issue further shares and make consequent changes to their respective issued, subscribed and paid-up share capital and the same will not affect the share exchange ratio referred to in Clause 5.1 of Part II below.

PART II

AMALGAMATION OF THE TRANSFEROR COMPANY INTO AND WITH THE TRANSFEE COMPANY

1. TRANSFER AND VESTING OF THE TRANSFEROR COMPANY INTO AND WITH THE TRANSFEE COMPANY

1.1 With effect from the Appointed Date and upon this Scheme becoming effective, the

Transferor Company along with all its assets, liabilities, contracts, employees, licenses, records, approvals etc. being integral parts of the Transferor Company shall stand transferred to and vested in or shall be deemed to have been transferred to and vested in the Transferee Company, as a going concern, without any further act, instrument or deed, together with all its properties, assets, liabilities, rights, benefits and interest therein, subject to the provisions of this Scheme, in accordance with Sections 230 – 232 of the Act, the Income-Tax Act, 1961 and Applicable Laws, if any, in accordance with the provisions contained herein.

1.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, upon this Scheme becoming effective and with effect from the Appointed Date:

- (a) all assets of the Transferor Company, that are movable in nature or incorporeal property or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery or by vesting and recordal of whatsoever nature, including machinery, equipment, pursuant to this Scheme shall stand transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company, wherever located and shall become the property and an integral part 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;
- (b) all other movable properties of the Transferor Company, including investments in shares, bonds, and any other securities, treasury bills, sundry debtors, actionable claims, earnest monies, receivables, bills, credits, outstanding loans and advances, recoverable in cash or in kind or for value to be received, bank balances and deposits, with government, semi-government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, become the property of the Transferee Company, and the same shall also be deemed to have been transferred by way of delivery of possession of the respective documents in this regard. It is hereby clarified that investments made by Transferor Company and all the rights, title and interest of the Transferor Company in any leasehold properties shall, pursuant to Section 232 of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company;
- (c) all immovable properties of the Transferor Company, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Company, if any, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto, shall be vested in and/or be deemed to have been 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 fulfil all obligations in relation to or applicable to

such immovable properties. The relevant authorities shall grant all clearances/permissions, if any, required for enabling the Transferee Company to absolutely own and enjoy the immovable properties in accordance with Applicable Law. The mutation or substitution of the title to the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the Governmental Authorities pursuant to the sanction of this Scheme by the Competent Authority and upon the Scheme becoming effective in accordance with the terms hereof;

- (d) the transfer and vesting of movable and immovable properties as stated above, shall be subject to Encumbrances, if any, affecting the same;
- (e) all Encumbrances, if any, existing prior to the Effective Date over the assets of the Transferor Company which secure or relate to any liability, shall, after the Effective Date, without any further act, instrument or deed, continue to be related and attached to such assets or any part thereof to which they related or were attached prior to the Effective Date and as are transferred to the Transferee Company. Provided that if any assets of the Transferor Company have not been Encumbered in respect of the liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company. The secured creditors of the Transferee Company and/or other holders of security over the properties of the Transferee Company, if any, shall not be entitled to any additional security over the properties, assets, rights, benefits and interests of the Transferor Company and therefore, such assets which are not currently Encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company. The absence of any formal amendment which may be required by a lender or trustee or any third party shall not affect the operation of the foregoing provisions of this Scheme;
- (f) all estate, assets, rights, title, claims, interest, investments and properties of the Transferor Company as on the Appointed Date, whether or not included in the books of the Transferor Company, and all assets, rights, title, interest, investments and properties, of whatsoever nature and wherever situate, which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company;
- (g) all contracts, agreements, licences, leases, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, bids, letters of intent, arrangements, undertakings, whether written or otherwise, deeds, bonds, agreements, schemes and other instruments to which the Transferor Company is a party, or to the benefit of which, the Transferor Company may be eligible/entitled, and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed continue 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. If the Transferee Company enters into and/or issues and/or executes deeds, writings or confirmations or enters into any tripartite arrangements, confirmations or novations, the Transferor Company will, if necessary, also be party to such documents in order to give formal effect to the provisions of this Scheme, if so required. 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 the Transferor Company;

- (h) any pending suits/appeals, all legal, taxation or other proceedings including before any statutory or quasi-judicial authority, court or tribunal or other proceedings of whatsoever nature relating to the Transferor Company, whether by or against the Transferor Company, whether pending on the Appointed Date or which may be instituted any time in the future, shall not abate, be discontinued or in any way prejudicially affected by reason of the amalgamation of the Transferor Company or of anything contained in this Scheme, but the proceedings shall continue and any prosecution shall be enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued, prosecuted and/or enforced by or against the Transferor Company, as if this Scheme had not been implemented;
- (i) all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured of every kind, nature and description whatsoever and howsoever arising, whether provided for or not in the books of account or disclosed in the balance sheets of the Transferor Company shall be deemed to be the debts, liabilities, contingent liabilities, duties, and obligations of the Transferee Company, and the Transferee Company shall, and undertakes to meet, discharge and satisfy the same in terms of their respective terms and conditions, if any. All loans raised and used and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company after the Appointed Date and prior to the Effective Date, shall also be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and, to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, pursuant to the provisions of Sections 230 to 232 of the Act, without any further act, instrument or deed shall stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same;
- (j) all debentures, bonds, notes or other securities of the Transferor Company whether convertible into equity or otherwise, shall, without any further act, instrument or deed become the securities of the Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and shall stand transferred to and vested in or deemed to be transferred to and vested in and shall be exercised by or against the Transferee Company as if it were the Transferor Company. If the securities issued by the Transferor Company, including but not limited to debentures and bonds, are listed on any stock

exchange, the same shall upon issuance/endorsement by the Transferee Company in terms of this Scheme, subject to applicable regulations and prior approval requirements, if any, be listed and/or admitted to trading on the relevant stock exchange(s) whether in India or abroad, where the securities were listed and/or admitted to trading on the same terms and conditions unless otherwise modified in accordance with the provisions hereof. In addition, the Board of Directors of the Transferee Company, shall be authorised to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to list the various debentures and bonds on the relevant exchanges. It is hereby clarified that 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, duties and obligations have arisen in order to give effect to the provisions of this Clause;

- (k) the Transferee Company shall be entitled to operate all bank accounts, realise all monies and complete and enforce all pending contracts and transactions in the name of the Transferor Company to the extent necessary until the transfer of the rights and obligations of the Transferor Company to the Transferee Company under the Scheme is formally accepted and completed by the parties concerned. For avoidance of doubt, it is hereby clarified that all cheques and other negotiable instruments, payment orders received and presented for encashment which are in the name of the Transferor Company after the Effective Date, shall be accepted by the bankers of the Transferee Company and credited to the accounts of the Transferee Company, if presented by the Transferee Company. Similarly, the banker of the Transferee Company shall honour all cheques issued by the Transferor Company for payment after the Effective Date;
- (l) all letters of intent, requests for proposal, pre-qualifications, bid acceptances, tenders, and other instruments of whatsoever nature to which the Transferor Company is a party to or to the benefit of which the Transferor Company may be eligible, shall remain in full force and effect 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 obligee thereto. Upon coming into effect of this Scheme, the past track record of the Transferor Company shall be deemed to be the track record of the Transferee Company for all commercial and regulatory purposes;
- (m) all the staff and employees of the Transferor Company who are in such employment as on the Effective Date shall become, and be deemed to have become, the staff and employees of the Transferee Company, without any break or interruption in their services and on the same terms and conditions (and which are not less favourable than those) on which they are engaged by the Transferor Company as on the Effective Date. The Transferee Company further agrees that for the purpose of payment of any retirement benefit/compensation, such immediate uninterrupted past services with the Transferor Company, shall also be taken into account. With regard to provident fund, gratuity, superannuation, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Transferor Company, the Transferee Company shall stand

substituted for the Transferor Company for all purposes whatsoever, upon this Scheme becoming effective, including with regard to the obligation to make contributions to relevant authorities, such as the regional provident fund commissioner or to such other funds maintained by the Transferor Company, in accordance with the provisions of Applicable Laws or otherwise. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the transferred employees and the services of all the transferred employees of the Transferor Company for such purpose shall be treated as having been continuous;

- (n) with regard to any provident fund, gratuity fund, pension, superannuation fund or other special fund created or existing for the benefit of such employees of the Transferor Company, it is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to such schemes or funds shall become those of the Transferee Company. Upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever relating to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. Any existing provident fund, gratuity fund and superannuation fund trusts created by the Transferor Company for its employees shall be continued for the benefit of such employees on the same terms and conditions until such time that they are transferred to the relevant funds of the Transferee Company. It is clarified that the services of all employees of the Transferor Company transferred to the Transferee Company will be treated as having been continuous and uninterrupted for the purpose of the aforesaid schemes or funds. Without prejudice to the aforesaid, the Board of the Transferee Company, if it deems fit and subject to Applicable Laws, shall be entitled to: (i) retain separate trusts or funds within the Transferee Company for the erstwhile fund(s) of the Transferor Company; or (ii) merge the pre-existing fund of the Transferor Company with other similar funds of the Transferee Company;
- (o) the Transferee Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the employees with the Transferor Company, if any, as the case may be, shall also be taken into account, and agrees and undertakes to pay the same as and when payable;
- (p) all trademarks, trade names, service marks, copyrights, logos, corporate names, brand names, domain names and all registrations, applications and renewals in connection therewith, and software and all website content (including text, graphics, images, audio, video and data), trade secrets, confidential business information and other proprietary information shall stand transferred to and vested in the Transferee Company;
- (q) all registrations, goodwill and licenses, appertaining to the Transferor Company, if any, shall transferred to and vested in the Transferee Company;
- (r) all taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax, withholding tax, banking cash transaction tax,

securities transaction tax, taxes withheld/paid in a foreign country, value added tax, sales tax, service tax, goods and services tax, customs, duties, etc.), including any interest, penalty, surcharge and cess, if any, payable by or refundable to the Transferor Company, including all or any refunds or claims shall be treated as the tax liability or refunds/claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions etc., as would have been available to the Transferor Company, shall pursuant to this Scheme becoming effective, be available to the Transferee Company;

- (s) all approvals, allotments, consents, concessions, clearances, credits, awards, sanctions, exemptions, subsidies, registrations, no-objection certificates, permits, quotas, rights, entitlements, authorisation, pre-qualifications, bid acceptances, tenders, licenses (including the licenses granted by any governmental, statutory or regulatory bodies for the purpose of carrying on its business or in connection therewith), permissions and certificates of every kind and description whatsoever in relation to the Transferor Company, or to the benefit of which the Transferor Company may be eligible/entitled, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect 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. It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this Clause, the said third party or authority shall make and duly record the necessary substitution/endorsement in the name of the Transferee Company pursuant to the sanction of this Scheme by the Competent Authority, and upon this Scheme becoming effective in accordance with the terms hereof. For this purpose, the Transferee Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes;
- (t) 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, including without limitation approvals under Sections 42, 62(1)(a), 180, 185, 186, 188 etc., of the Act, read with the rules and regulations made thereunder, shall stand transferred to the Transferee Company and the said corporate approvals and compliances shall be deemed to have been taken/complied with by the Transferee Company; it being clarified that if any such resolutions have any monetary limits approved subject to the provisions of the Act and of any other applicable statutory provisions, then the said limits, as are considered necessary by the Board of the Transferee Company, shall be added to the limits, if any, under the like resolutions passed by the Transferee Company;
- (u) all bank accounts operated or entitled to be operated by the Transferor Company shall be deemed to have transferred and shall stand transferred to the Transferee Company and names of the Transferor Company shall be substituted by the name of the Transferee Company in the bank's records;
- (v) all the property, assets and liabilities of the Transferor Company shall be transferred to the Transferee Company at the values appearing in the books of

account of the Transferor Company at the close of business of the day immediately preceding the Appointed Date;

- (w) all debentures or bonds of the Transferor Company shall be distinctly identified in the records of the Transferee Company for all intents and purposes including taxation and accounting and shall not be combined with any existing outstanding series of debentures or bonds of the Transferee Company;
- (x) all the benefits under the various incentive schemes and policies that the Transferor Company is entitled to, including tax credits, tax deferral, exemptions and benefits (including sales tax and service tax), subsidies, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed by the Transferor Company and all rights or benefits that have accrued or which may accrue to the Transferor Company, whether on, before or after the Appointed Date, shall upon this Scheme becoming effective and with effect from the Appointed Date be transferred to and vest in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever, shall be claimed by the Transferee Company and these shall relate back to the Appointed Date as if the Transferee Company was originally entitled to all benefits under such incentive schemes and or policies;
- (y) where any of the debts, liabilities, duties and obligations incurred before the Appointed Date by the Transferor Company, deemed to have been transferred to the Transferee Company by virtue of this Scheme, have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company;
- (z) without prejudice to the generality of the foregoing, all lease agreements and leave and license agreements, as the case may be, if any, to which the Transferor Company is a party, and having effect immediately before the Effective Date, shall remain in full force and effect on the terms and conditions contained therein in favour of or against the Transferee Company and may be enforced fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder; and the respective lessees and the licensees, as the case may be, shall continue to be in possession of the premises subject to the terms and conditions contained in the relevant lease agreements or leave and license agreements, as the case may be. Further, all the rights, title, interest and claims of the Transferor Company in any properties including leasehold/ licensed properties of the Transferor Company including but not limited to security deposits and advance or prepaid lease or license fee, shall, on the same terms and conditions, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company automatically without requirement of any further act or deed. The Transferee Company shall continue to pay rent or lease or license fee as provided for under such agreements, and the Transferee Company shall continue to comply with the terms, conditions and covenants thereunder;

- (aa) any liabilities, loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or 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 Transferee Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and the appropriate effect shall be given in the books of accounts and records of the Transferee Company; and
 - (bb) for the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme and with effect from the Appointed Date, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company shall stand transferred to the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.
- 1.3 The Transferor Company and/or the Transferee Company as the case may be, shall, at any time after this Scheme becoming effective in accordance with the provisions hereof, if so required under Applicable Law or otherwise, do all such acts or things as may be necessary to transfer/obtain the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Transferor Company. It is hereby clarified that if the consent of any third party or Governmental Authority, if any, is required to give effect to the provisions of this Clause, the said third party or Governmental Authority shall make and duly record the necessary substitution/endorsement in the name of the Transferee Company pursuant to the sanction of this Scheme by the Competent Authority, and upon this Scheme becoming effective in accordance with the provisions of the Act and with the terms hereof. For this purpose, the Transferee Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes.
- 1.4 The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.
- 1.5 Without prejudice to the other provisions of the Scheme and notwithstanding the vesting of the Transferor Company into the Transferee Company by virtue of Part II of the Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under Applicable Law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement in relation to which the Transferor Company has been a party, including any filings with the regulatory authorities in order to give formal effect to the above provisions and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company. The Transferee Company will, if necessary, also be a party to the above.

2. CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

- 2.1 The Transferor Company and the Transferee Company have agreed that during the period between the approval of the Scheme by the respective Boards of the Transferor Company and the Transferee Company and up to the Effective Date, the business of the Transferor Company and the Transferee Company shall be carried out with reasonable diligence and business prudence in the ordinary course consistent with past practice, in good faith and in accordance with Applicable Law.
- 2.2 With effect from the Appointed Date and up to and including the Effective Date:
- (a) the Transferor Company undertakes to carry on and shall be deemed to have carried on its business activities and stand possessed and shall be deemed to have held and stood possessed of the properties and assets pertaining to the Transferor Company, for and on account of and in trust for the Transferee Company;
 - (b) the Transferor Company hereby undertakes to hold its said assets with utmost prudence in the ordinary course of business until the Effective Date;
 - (c) all profits and income accruing to the Transferor Company, and losses and expenditure incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), for the period from the Appointed Date based on the accounts of the Transferor Company shall, subject to the Scheme being effective, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Transferee Company;
 - (d) all debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations as on the close of business on the date preceding the Appointed Date, whether or not provided in the books of the Transferor Company which arise or accrue to the Transferor Company on or after the Appointed Date, shall be deemed to be of the Transferee Company;
 - (e) all assets and properties comprised in the Transferor Company as on the date immediately preceding the Appointed Date, whether or not included in the books of the Transferor Company and all assets and properties relating thereto, which are acquired by the Transferor Company, on or after the Appointed Date, shall be deemed to be the assets and properties of the Transferee Company; and
 - (f) any of the rights, powers, authorities, privileges exercised by the Transferor Company shall be deemed to have been exercised by such Transferor Company for and on behalf of, and in trust for the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by Transferor Company shall be deemed to have been undertaken for and on behalf of the Transferee Company.
- 2.3 With effect from the Effective Date, the Transferee Company shall carry on and shall be authorised to carry on the businesses of the Transferor Company.
- 2.4 For the purpose of giving effect to the order passed under Sections 230 – 232 and

other applicable provisions of the Act in respect of this Scheme by the Competent Authority, the Transferee Company shall, at any time, pursuant to the order on this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the transfer of the Transferor Company, in accordance with the provisions of Sections 230 – 232 of the Act. The Transferee Company is and shall always be deemed to have been authorised to execute any pleadings, applications, forms etc., as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme, pursuant to the sanction of this Scheme by the Competent Authority.

- 2.5 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Governmental Authorities and all other agencies, departments and authorities concerned as are necessary under Applicable Law for such consents, approvals and sanctions which the Transferee Company may require to carry on the business of the Transferor Company.
- 2.6 Upon this Scheme becoming effective, the Transferee Company, unconditionally and irrevocably, agrees and undertakes to pay, discharge and satisfy all liabilities and obligations of the Transferor Company with effect from the Appointed Date, in order to give effect to the foregoing provisions.
- 2.7 The transfer and vesting of the assets, liabilities and obligations of the Transferor Company and the continuance of the proceedings by or against the Transferee Company shall not affect any transaction or proceedings already completed by the Transferor Company on or before the Appointed Date or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts all acts, deeds and things done and executed by and / or on behalf of the Transferor Company as acts, deeds and things made, done and executed by and on behalf of the Transferee Company.

3. DISSOLUTION OF THE TRANSFEROR COMPANY

- 3.1 Upon this Scheme becoming effective, the Transferor Company shall stand dissolved without being wound up, without any further act, instrument or deed.

4. CHANGES IN SHARE CAPITAL

- 4.1 As an integral part of the Scheme and upon this Scheme becoming effective, the authorized share capital of the Transferor Company shall stand transferred to and be amalgamated/combined with the authorized share capital of the Transferee Company. The fees or stamp duty, if any, paid by the Transferor Company on its authorized share capital shall be deemed to have been so paid by the Transferee Company on the combined authorized share capital, and the Transferee Company shall not be required to pay any fee/ stamp duty for the increase of the authorized share capital. The authorised share capital of the Transferee Company will automatically stand increased to that effect by simply filing the requisite forms with the RoC and no separate procedure or instrument or deed shall be required to be followed under the Act.
- 4.2 Clause VA.of the memorandum of association of the Transferee Company shall, upon this Scheme becoming effective, and without any further act, instrument or deed, be replaced by the following clause:

“The Authorised Share Capital of the Company is Rs. 2,000,00,00,000 (Rupees Two Thousand Crores only) divided into 200,00,00,000 (two hundred crores) Equity Shares of Rs. 10 (Rupees ten) each.”

- 4.3 The approval of this Scheme by shareholders of the Transferee Company under sections 230 to 232 of the Act, whether at a meeting or otherwise, or any dispensation of the same by the Competent Authority, shall be deemed to have been an approval under section 13, section 61 and 64 or any other applicable provisions under the Act and no further resolution(s) would be required to be separately passed in this regard.

5. PAYMENT OF CONSIDERATION

- 5.1 Upon coming into effect of this Scheme and in consideration of the amalgamation of the Transferor Company in the Transferee Company, the Transferee Company shall, without any further application, act or deed, issue and allot to the shareholders of the Transferor Company whose names are recorded in the register of members as a member of the Transferor Company on the Record Date (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of the Transferee Company), 100(onehundred) Transferee Company Shares, credited as fully paid-up, for every 385(three hundred eighty five) equity shares of the face value of Rs. 10/- (Rupees ten) each fully paid-up held by such member in the Transferor Company (“**Share Exchange Ratio**”). The Transferee Company Shares to be issued by the Transferee Company to the shareholders of the Transferor Company in accordance with this Clause 5.1 of Part II shall be hereinafter referred to as “**New Equity Shares**”.

- 5.2 The Transferor Company and the Transferee Company have respectively engaged CMA Rajendra Kumar Joshi, Registered Valuer (Securities or Financial Assets), an independent Certified Management Accountant to provide a valuation report. In connection with such engagement, CMA Rajendra Kumar Joshi has issued a valuation report dated January 11, 2020.

6. ISSUANCE MECHANICS

- 6.1 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, as the case may be, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the shares in the Transferor Company and in relation to the shares issued by the Transferee Company, after the effectiveness of the Scheme. The Board of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Transferee Company on account of difficulties faced in the transition period.
- 6.2 Where New Equity Shares of the Transferee Company are to be allotted to heirs, executors or administrators, as the case may be, to successors of deceased equity shareholders or legal representatives of the equity shareholders of the Transferor Company, the concerned heirs, executors, administrators, successors or legal representatives shall be obliged to produce evidence of title satisfactory to the Board

of the Transferee Company.

- 6.3 The New Equity Shares of the Transferee Company to be allotted and issued to the shareholders of the Transferor Company as provided in Clause 5.1 of Part II above shall be subject to the provisions of the memorandum and articles of association of the Transferee Company and shall rank *paripassu* in all respects with the then existing equity shares of the Transferee Company after the Effective Date including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date.
- 6.4 The Transferee Company shall complete all formalities, as may be required, for allotment of the New Equity Shares to the shareholders of the Transferor Company as provided in this Scheme within thirty (30) days from the Effective Date. It is clarified that the issue and allotment of New Equity Shares by the Transferee Company to the shareholders of the Transferor Company as provided in the Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of the Transferee Company or its shareholders and as if the procedure laid down under Section 62 or any other applicable provisions of the Act, as may be applicable, and such other statues and regulations as may be applicable were duly complied with.
- 6.5 In the event that the aggregate number of the New Equity Shares to be issued by the Transferee Company to the equity shareholders of the Transferor Company results in a fraction of equity shares, the Board of the Transferee Company shall round-off such fraction to the next whole integer, and thereupon shall issue and allot the New Equity Shares to the equity shareholders of the Transferor Company. Further, fractional entitlements of individual equity shareholders, based on the Share Exchange Ratio prescribed in Clause 5.1 of Part II above shall also be rounded-off to the next whole integer by the Board of the Transferee Company.
- 6.6 In the event that the Companies restructure their equity share capital by way of share split/consolidation/issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio and the stock options, shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 6.7 The New Equity Shares issued to the members of the Transferor Company by the Transferee Company shall be issued in dematerialised form by the Transferee Company, provided that the details of the depository accounts of the members of the Transferor Company are made available to the Transferee Company by the Transferor Company at least two (2) working days prior to the Effective Date. In the event that such details are not available with the Transferee Company or for such members of the Transferor Company which hold the shares of the Transferor Company in physical form, it shall issue the New Equity Shares to the members of the Transferor Company in physical form.
- 6.8 Upon this Scheme becoming effective and upon the New Equity Shares of the Transferee Company being allotted and issued by it to the shareholders of Transferor Company whose names appear on the register of members as a member of the Transferor Company on the Record Date or whose names appear as the beneficial owners of the equity shares of the Transferor Company in the records of the depositories/register of members, as the case may be, as on the Record Date, the

equity shares of the Transferor Company, both in electronic form and in the physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date. Wherever applicable, the Transferee Company may, instead of requiring the surrender of the share certificates of the Transferor Company, directly issue and dispatch the new share certificates of the Transferee Company in lieu thereof.

- 6.9 The New Equity Shares to be issued by the Transferee Company pursuant to Clause 5.1 of Part II above in respect of such equity shares of the Transferor Company, the allotment or transfer of which is held in abeyance under Applicable Law shall, pending allotment or settlement of dispute by order of the appropriate court or otherwise, also be kept in abeyance in like manner by the Transferee Company.

7. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEEE COMPANY

The accounting treatment of the amalgamation shall be as of the Appointed Date and the Transferee Company shall account for the amalgamation as per the applicable accounting standards prescribed under Section 133 of the Act.

- 7.1 Upon this Scheme becoming effective, the Transferee Company shall account for the arrangement in its books of accounts as under as of the Appointed Date:
- (a) The merger of the Transferor Company with the Transferee Company shall be accounted for in the books of account of the Transferee Company in accordance with 'Pooling of Interest Method' of accounting as per Accounting Standard 14 (Accounting for Amalgamation);
 - (b) All assets, liabilities and reserves (including securities premium) of the Transferor Company transferred to and vested in the Transferee Company pursuant to this Scheme shall be recorded at their respective book values and in the same form as they appear in the financial statements of the Transferor Company;
 - (c) The Transferee Company shall credit to its share capital account, the aggregate face value of the New Equity Shares on merger issued by it pursuant to Clause 5.1 of Part II of this Scheme;
 - (d) Upon this Scheme becoming effective, the difference between the face value of the New Equity Shares issued and allotted on merger pursuant to Clause 5.1 of Part II above and the amount of share capital of the Transferor Company as per Clause 4.1 (ii) of Part I including any increase in equity share capital pursuant to issue of additional shares before the Effective Date shall be adjusted in reserves in the financial statements of the Transferee Company; and
 - (e) In case of any differences in accounting policy between the Transferee Company and the Transferor Company, a uniform set of accounting policies will be adopted following the amalgamation. The effects on the financial

statements of any changes in accounting policies will be reported in accordance with Accounting Standard (AS) 5.

8. EMPLOYEE STOCK OPTION PLAN

- 8.1 With respect to the stock options granted by the Transferor Company under the employees stock options scheme of the Transferor Company (the “**Transferor Company Option Scheme**”), upon coming into effect of this Scheme, the Transferee Company shall issue stock options to Eligible Employees taking into account the Share Exchange Ratio and on the same terms and conditions as (and which are not less favourable than those) provided in the Transferor Company Option Scheme. Such stock options may be issued by the Transferee Company either under its existing stock option scheme or a revised employee stock option scheme (“**Transferee Company Option Scheme**”).
- 8.2 It is hereby clarified that upon this Scheme becoming effective, options granted by the Transferor Company to the Eligible Employees under the Transferor Company Option Scheme shall automatically stand cancelled. Further, upon this Scheme becoming effective and after cancellation of the options granted to the Eligible Employees under the Transferor Company Option Scheme, the fresh options shall be granted by the Transferee Company to the Eligible Employees on the basis of the Share Exchange Ratio, such that the Eligible Employees shall, as option holders of the Transferee Company, enjoy the same economic benefit as they would have received under the Transferor Company Option Scheme. Fractional entitlements, if any, arising pursuant to the applicability of the Share Exchange Ratio as above shall be rounded off to the next whole integer. The exercise price payable for options granted by the Transferee Company to the Eligible Employees shall be based on the exercise price payable by such Eligible Employees under the Transferor Company Option Scheme as adjusted after taking into account the effect of the Share Exchange Ratio.
- 8.3 The approval granted to the Scheme by the shareholders and/or any other regulatory authority shall be deemed to be approval granted to any modifications made to the Transferor Company Option Scheme by the Transferor Company and approval granted to the Transferee Company Option Scheme to be adopted by the Transferee Company.
- 8.4 It is hereby clarified that in relation to the options granted by the Transferee Company to the Eligible Employees, the period during which the options granted by the Transferor Company were held by or deemed to have been held by the Eligible Employees shall be taken into account for determining the minimum vesting period required under Applicable Law or agreement or deed for stock options granted under the Transferor Company Option Scheme or the Transferee Company Option Scheme, as the case may be.
- 8.5 The Board of Directors of the Companies or any of the committee(s) thereof, including the compensation committee, if any, shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this clause of the Scheme.

PART III

GENERAL TERMS AND CONDITIONS

1. PROVISIONS APPLICABLE TO PART II

- 1.1 Upon the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred on the Appointed Date and become effective and operative only in the sequence and in the order mentioned hereunder:
- (a) amalgamation of the Transferor Company into the Transferee Company in accordance with Part II of the Scheme;
 - (b) transfer of the authorised share capital of the Transferor Company to the Transferee Company as provided in Part II of this Scheme, and consequential increase in the authorised share capital of the Transferee Company as provided in Part II of this Scheme;
 - (c) issuance and allotment of New Equity Shares to the shareholders of the Transferor Company as on the Record Date, without any further act, instrument or deed, in accordance with Part II of this Scheme; and
 - (d) dissolution of the Transferor Company without winding up.

2. COMPLIANCE WITH LAWS

- 2.1 This Scheme is presented and drawn up to comply with the provisions/requirements of Sections 230 - 232 of the Act, for the purpose of the merger of the Transferor Company with the Transferee Company.
- 2.2 The amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme will be in compliance with the provisions of Section 2(1B) of the Income-Tax Act, 1961, such that:
- (a) all the properties of the Transferor Company, immediately before the amalgamation, shall become the property of the Transferee Company, by virtue of this amalgamation;
 - (b) all the liabilities of the Transferor Company, immediately before the amalgamation, shall become the liabilities of the Transferee Company, by virtue of this amalgamation; and
 - (c) shareholders holding not less than three-fourths in value of the shares in the Transferor Company (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the Transferee Company or its subsidiary) will become shareholders of the Transferee Company by virtue of the amalgamation.
- 2.3 This Scheme has been drawn up to comply with the conditions relating to “amalgamation” as specified under the tax laws, including Section 2 (1B) and other relevant sections of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said

provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the Income Tax Act, 1961 shall prevail. The Scheme shall then stand modified to the extent deemed necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of the Companies, which power shall be exercised reasonably in the best interests of the companies concerned and their stakeholders.

- 2.4 Upon this Scheme becoming effective, the Transferee Company is expressly permitted to prepare and/or revise their financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961 (including for minimum alternate tax purposes and tax benefits), service tax law and other tax laws, and to claim refunds and/or credits for taxes paid (including minimum alternate tax), and to claim tax benefits under the Income Tax Act, 1961, etc., and for matters incidental thereto, if required to give effect to the provisions of this Scheme. The order of the Competent Authority sanctioning the Scheme shall be deemed to be an order of the Competent Authority permitting the Transferee Company to prepare and/or revise its financial statements and books of accounts and no further act shall be required to be undertaken by the Transferee Company.

3. CONSEQUENTIAL MATTERS RELATING TO TAX

- 3.1 All tax assessment proceedings/appeals of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date and relating to the Transferor Company shall be continued and/or enforced until the Effective Date by the Transferor Company. In the event of the Transferor Company failing to continue or enforce any proceeding/appeal, the same may be continued or enforced by the Transferee Company, at the cost of the Transferee Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.
- 3.2 Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme.
- 3.3 Upon the Scheme becoming effective, any advance tax, self-assessment tax, minimum alternate tax and/or TDS credit available or vested with the Transferor Company, including any taxes paid and taxes deducted at source and deposited by the Transferee Company on inter se transactions during the period between the Appointed Date and the Effective Date shall be treated as advance tax paid by the Transferee Company and shall be available to Transferee Company for set-off against its liability under the Income Tax Act, 1961 and any excess tax so paid shall be eligible for refund together with interest.

4. SAVING OF CONCLUDED TRANSACTIONS

- 4.1 The transfer of assets, properties and liabilities and the continuance of proceedings by or against the Transferor Company under Clause 1.2 of Part II of the Scheme above shall not affect any transaction or proceedings already concluded by the Transferor

Company on and after the Appointed Date until the Effective Date, to the end and intent that the Transferee Company accept and adopt all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of the Transferee Company.

5. DIVIDENDS

- 5.1 The Companies shall be entitled to declare and pay dividends, whether interim and/or final, to their respective shareholders prior to the Effective Date, but only in the ordinary course of business.
- 5.2 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Companies to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Companies, and if applicable in accordance with the provisions of the Act, be subject to the approval of the shareholders of the respective Companies.

6. INTERPRETATION

- 6.1 If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any provisions of Applicable Law at a later date, whether as a result of any amendment of Applicable Law or any judicial or executive interpretation or for any other reason whatsoever, the provisions of the Applicable Law shall prevail. Subject to obtaining the sanction of the Competent Authority, if necessary, this Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will, however, not affect other parts of this Scheme. Notwithstanding the other provisions of this Scheme, the power to make such amendments/modifications as may become necessary, whether before or after the Effective Date, shall, subject to obtaining the sanction of the Competent Authority if necessary, vest with the Board of Directors of the Companies, which power shall be exercised reasonably in the best interests of the Companies and their respective shareholders.

7. APPLICATION TO THE COMPETENT AUTHORITY

- 7.1 The Companies shall make applications and/or petitions under Sections 230 to 232 of the Act and other applicable provisions of the Act to the Competent Authorities for approval of the Scheme and all matters ancillary or incidental thereto, as may be necessary to give effect to the terms of the Scheme.
- 7.2 Upon this Scheme becoming effective, the shareholders of the Transferee Company shall be deemed to have also accorded their approval under all relevant provisions of the Act for giving effect to the provisions contained in this Scheme.

8. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 8.1 The Companies, acting through their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorise including any committee or sub-committee thereof, may, jointly and as mutually agreed in writing, assent to/make and/or consent to any modifications/amendments to the Scheme, or to

any conditions or limitations that the Competent Authority under Applicable Law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e., the Board of Directors), or modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time. The Companies, acting through their respective Boards of Directors or such other person or persons, as the respective Board of Directors may authorise including any committee or sub-committee thereof, be and are hereby authorised to take such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any orders of the Competent Authority or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.

- 8.2 In case, post approval of the Scheme by the Competent Authority, there is any confusion in interpreting any Clause of this Scheme, or otherwise, the Board of Directors of the Companies shall have complete power to take the most sensible interpretation so as to render the Scheme operational.
- 8.3 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Companies and their respective shareholders and/or creditors, and the terms and conditions of this Scheme, the latter shall prevail.
- 8.4 If any part of this Scheme is invalid, ruled illegal or rejected by the Competent Authority or any court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Companies that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either the Transferor Company or the Transferee Company, in which case the Companies, acting through their respective Boards of Directors, shall attempt to bring about a modification in this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part, which is invalid, ruled illegal or rejected by the Competent Authority or any court of competent jurisdiction, or unenforceable under present or future Applicable Laws.

9. CONDITIONALITY TO EFFECTIVENESS OF THE SCHEME

- 9.1 The Scheme is conditional and subject to:
 - (a) the Scheme being approved by the requisite majority of each classes of members and/or creditors (where applicable) of the Companies in accordance with the Act or dispensation having being received from the Competent Authority in relation to obtaining such approval from the shareholders and/or creditors or any Applicable Law permitting the respective Companies not to convene the meetings of its shareholders and/or creditors;
 - (b) the Competent Authority having accorded its sanction to the Scheme, either on terms as originally approved by the Companies, or subject to such modifications approved by the Competent Authority, which shall be in form and substance acceptable to the Companies; and
 - (c) final approval being granted by IRDAI in accordance with Regulation 8 of the

IRDA Amalgamation Rules and satisfaction of the conditions, if any, as set out in the final approval provided by IRDAI and which needs to be satisfied on or prior to the Effective Date in accordance with the terms thereunder.

- 9.2 The Scheme shall not come into effect unless the aforementioned conditions mentioned in Clause 9.1 of Part III above are satisfied and in such an event, unless each of the conditions are satisfied or waived as per terms of the Scheme, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Companies or their respective shareholders or creditors or employees or any other person.

10. COSTS, CHARGES & EXPENSES

- 10.1 All costs, charges, taxes including duties, levies and all other expenses payable by the Transferor Company and the Transferee Company in relation to or in connection with the Scheme and/or incidental to the completion of the Scheme shall be borne as may be mutually agreed between the Transferor Company and the Transferee Company.

11. RESIDUAL PROVISIONS

- 11.1 Upon this Scheme becoming effective, the Transferee Company shall be entitled to operate and utilize all bank accounts, cash and deposits relating to the Transferor Company, realise all monies and complete and enforce all pending contracts and transactions in respect of the Transferor Company in the name of the Transferor Company to the extent necessary.
- 11.2 Upon this Scheme becoming effective, the Transferee Company shall be entitled to occupy and use all premises, whether owned, leased or licensed, relating to the Transferor Company until the transfer of the rights and obligations of the Transferor Company to the Transferee Company under this Scheme is formally accepted by the parties concerned.
- 11.3 The Companies shall be at liberty to withdraw this Scheme at any time as may be mutually agreed by the respective Board of Directors of the Companies prior to the Effective Date. In such a case, each of the Companies shall respectively bear their own cost or as may be mutually agreed. It is hereby clarified that notwithstanding anything to the contrary contained in this Scheme except as provided in Clause 8.2, any one of the Companies shall not be entitled to withdraw the Scheme unilaterally: (a) without the prior written consent of the other Companies; or (b) unless such withdrawal is in accordance with any written agreement entered into between the Companies.