

## SCHEME OF AMALGAMATION

### BETWEEN

MADURA MICRO FINANCE LIMITED ... TRANSFEROR COMPANY

CREDITACCESS GRAMEEN LIMITED ... TRANSFEREE COMPANY

### AND

### THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

### UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

#### Preamble

This scheme of amalgamation (“**Scheme**”, as more particularly defined hereinafter) is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 between Madura Micro Finance Limited (“**Transferor Company**”), CreditAccess Grameen Limited (“**Transferee Company**”) and their respective shareholders and creditors. This Scheme provides, amongst other matters, for the amalgamation of the Transferor Company into the Transferee Company and the consequent issuance of equity shares by the Transferee Company to the shareholders of the Transferor Company under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the “**Amalgamation**”).

The Transferee Company proposes to acquire 76.34% of the share capital of the Transferor Company prior to the filing of this Scheme with the Tribunal (*as defined hereinafter*).

#### PART I - GENERAL

##### A. Description of Companies

##### 1. Transferor Company

- 1.1 The Transferor Company is a public limited company with corporate identification number U65929TN2005PLC057390 and was incorporated *vide* certificate of incorporation dated September 02, 2005 as a public company limited by shares. The registered office of the Transferor Company is located at No. 36, II Main Road, Kasturba Nagar, Adyar, Chennai, Tamil Nadu 600020. The Transferor Company is registered with the RBI (*as defined hereinafter*) as a non-deposit taking, non-banking financial company – micro finance institution. The debentures issued by the Transferor Company are listed on the BSE (*as defined hereinafter*).
- 1.2 The main objects of the Transferor Company as stated in its memorandum of association include:



1. *“To provide financial service to the general public including poor and needy who do not have access to the Banking system and small and micro enterprises including formation of self help groups and micro credit.*
2. *To carry on all or any of the business of financiers of industrial, commercial and other enterprises and general financiers, lease financiers, promoters, brokers, and dealers of and in shares, stocks, debentures, securities, bonds, obligations, claims, licenses, and charges, financier for land, building, house, lease, negotiable instruments, decrees, book-debts, patents, factories, mines, industrial undertakings, business concerns, warehouses, property and rights of all kinds, agricultural land, farms, gardens, flats, showrooms, offices, residential units, shops and godowns, business of insurance agents, trust company, safe deposit company and such other business and acts required in connection therewith and to receive moneys on deposit or borrow and raise money provided that the company shall not carry on the business of Banking as defined under the Banking Regulation Act, 1949 and any business as prohibited under section 3 of the Prize chits and money circulation Scheme (Banking) Act 1978.*
3. *To carry on the business of consultants in capital market, to act as advisors to issues and others, whether by way of public offer or otherwise, of shares, stocks, debentures, bonds, units, participation certificates, deposit certificates, notes, bills, warrants, or any other instrument whether or not transferable or negotiable, commercial or other paper or scrip, to act as agents of and/or dealers in the securities, to act as discount houses for any of the securities, to act as financial consultants, joint managers, lead Managers, Co-Managers, advisers and counselors in investment and capital markets, to underwrite, sub-underwrite, or to provide stand by or procurement arrangement, to issue guarantees or to give any other commitments for subscribing or agreeing to subscribe or procure or agree to procure subscription for the securities, to manage portfolio investments, to provide financial and investment assistance for the purposes herein, to act as issue house, registrars to issue, transfer agents, for the securities, to manage and administer computer centers and clearing houses for the securities, to form syndicates or consortia of manager, agents and purchasers for or of any of the securities, to act as brokers, dealers and agents in connection with the securities, bullions and precious metals, to syndicate any financial arrangements whether in domestic market or in international market and whether by way of loan or guarantees or export and to undertake the work of factoring of bills and other commercial papers, and to arrange and/or co-ordinate documentation and negotiation in this regard subject to the provisions of securities contracts act and SEBI.*
4. *To carry on the sale and / or distribution of telecommunication products including SIM cards.”*

## 2. Transferee Company

- 2.1 The Transferee Company is a public limited company with corporate identification number L51216KA1991PLC053425 and was incorporated *vide* certificate of incorporation dated June 12, 1991 as Sanni Collection Private Limited. Thereafter *vide* fresh certificate of incorporation dated March 14, 2008, the name of the Transferee Company was changed to Grameen Financial Services Private Limited. Further, *vide* fresh certificate of incorporation dated November 13, 2014, the name of the Transferee Company was changed to Grameen Koota Financial Services Private Limited. Subsequently, the Transferee Company was converted to a public limited company *vide* fresh certificate of incorporation dated December 18, 2017 and the name of the Transferee Company was changed to Grameen Koota Financial Services Limited. Finally, *vide* fresh certificate of incorporation dated January 12, 2018, the name of the Transferee Company was changed to its current name ‘CreditAccess Grameen Limited’. The registered office of the Transferee Company



is located at New No. 49 (Old No.725), 46th Cross, 8th Block, Jayanagar (Next to Rajalakshmi Kalyana Mantap) Bangalore, Karnataka 560071. The Transferee Company is registered with the RBI as a non-deposit taking, non-banking financial company – micro finance institution. The equity shares of the Transferee Company are listed on the BSE and the National Stock Exchange of India Limited.

2.2 The main objects of the Transferee Company as stated in its memorandum of association include:

1. *“To provide credit/finance to groups and/or individuals, deliver credits, thrift and savings and other financial services including housing loans (construction, purchase, extension and renovation), distribution of micro insurance, pension plans fund transfer facilities and allied services in cities, towns, villages of India with a view to provide them sustainable livelihood and enhancement of their and their family living conditions based on their needs, skills and traditional livelihood occupations and carry on the business of Micro Finance services, (mainly non-banking financial services as permitted by the Reserve Bank of India).*
2. *To carry on the business of financing development activities through long term loans and other means of financing upon such terms and conditions as the company may think fit for the purposes of (i) agricultural development including land acquisition and development, irrigation, watershed development, crop cultivation, plantation, horticulture, forestry, animal husbandry and allied activities, such as dairy, poultry, fishery, aqua culture and floriculture (ii) industrial development including, agro-processing, mining and quarrying utilities - including water, power and renewable sources of energy -manufacturing, including handicrafts, construction, trade and distribution, transport, and services of all kinds (iii) market linkage development including, provision of inputs for and marketing of output of agricultural and industrial development activities including facilities for storage, trading and transport for such inputs and outputs (iv) habitat development including, purchase, construction up gradation, extension and modification of buildings and infrastructure for residential, agricultural, commercial or industrial purposes but exclusively targeted to the poor in generation and enhancement of livelihoods in India.*
3. *To cross sell non-financial products, provide livelihood promotion and other allied services (including consulting) with a view to provide them sustainable livelihood and enhancement of their and their family’s living conditions based on their needs, skills and traditional livelihood occupations.*
4. *To create linkages with banks and national and international financial institutions and international aid/developmental organizations for the purpose of making them bankable community and making available financial products like insurance, savings, deposits, bonds and mutual funds.*
5. *To carry on and undertake the business and activities of an insurance intermediary or agent including a Corporate Agent in accordance with the provisions of the rules and regulations issued by the Insurance Regulatory and Development Authority of India for all classes of insurance business in India which includes, Life, General and Health Insurance Business.”*

## **B. Rationale for the Scheme**

1. This Scheme provides for the Amalgamation of the Transferor Company with the Transferee Company pursuant to Sections 230 to 232 and other applicable provisions of the Act.



2. The Transferor Company and the Transferee Company are engaged in business activities that are similar to each other. The Amalgamation *inter alia* results in the following benefits:
- (i) The Amalgamation will provide the Transferee Company access to a large and unique client base of the Transferor Company, specifically in Tamil Nadu.
  - (ii) The Amalgamation would result in the geographical diversification of the portfolio of the Transferee Company and strengthens its leadership position in the microfinance market. The combined portfolio would approximately be Rs. 10,000 crores, with approximately 37 lakh borrowers and more than 1,300 branches spread across 13 states and 1 union territory in India (as of September 30, 2019).
  - (iii) The Amalgamation would create value to various stakeholders including shareholders, creditors, customers, and employees as the combined business would benefit from increased scale, wider product diversification, focused growth, stronger balance sheet and the ability to drive synergies across revenue opportunities, operating efficiencies and cost savings through economies of scale amongst others.
  - (iv) The Transferor Company is at the forefront of technology integration in business and data analytics and the Amalgamation would result in the Transferee Company benefiting from the business and data analytics strengths of the Transferor Company.
  - (v) The Amalgamation would provide greater strength and efficiency in management and access to greater cash flow which can be deployed to efficiently fund growth.
  - (vi) The Transferee Company can leverage the Transferor Company's loan book, and the Transferee Company's low cost of borrowing can potentially enable repricing of liabilities of the Transferor Company, generating higher spreads for the combined organisation.

The Amalgamation shall take place with effect from the Appointed Date (*as defined hereinafter*) in accordance with Section 2 (1B) of the Income-tax Act, 1961. If any provisions of the Scheme are found to be inconsistent with Section 2 (1B) of the Income-tax Act, 1961, including as a result of an amendment of law or for any other reason whatsoever, the Scheme shall stand modified to the extent necessary to comply with Section 2 (1B) of the Income-tax Act, 1961.

### C. Parts of the Scheme

3. This Scheme is divided into the following parts:
- (i) **Part I** deals with definitions used in this Scheme and sets out the share capital of the Transferor Company and the Transferee Company;
  - (ii) **Part II** deals with the transfer and vesting of the Undertaking (*as hereinafter defined*) of the Transferor Company to the Transferee Company;
  - (iii) **Part III** deals with the issue of new equity shares by the Transferee Company to the equity shareholders of the Transferor Company;
  - (iv) **Part IV** deals with the accounting treatment for the amalgamation in the books of the Transferee Company; and



- (v) **Part V** deals with the dissolution of the Transferor Company, general terms applicable to this Scheme and other matters consequential and integrally connected thereto.

## PART I – DEFINITIONS AND SHARE CAPITAL

### 1. Definitions

- 1.1 In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:
- (i) “**Act**” means the Companies Act, 2013 and the rules and regulations made thereunder and shall include any statutory modification or re-enactment thereof for the time being in force;
  - (ii) “**Appointed Date**” means the opening of business on April 1, 2020 or such other date as may be identified by the Transferee Company and approved by the Tribunals;
  - (iii) “**Board**” means the board of directors of the Transferor Company or the Transferee Company, as the case may be, in office at the relevant time and includes a committee duly constituted and authorized by the board of directors of the Transferor Company or the Transferee Company, as the case may be;
  - (iv) “**BSE**” means the BSE Limited;
  - (v) “**Consent**” means shall mean any approval, consent, ratification, waiver, notice or other authorization of or from or to any person;
  - (vi) “**Effective Date**” means the date on which the last of the conditions in Clause 18 have been fulfilled in accordance with this Scheme. References in this Scheme to ‘coming into effect of the Scheme’ or effectiveness of the Scheme’ shall mean the Effective Date;
  - (vii) “**Employees**” means all the permanent employees of the Transferor Company as on the Effective Date;
  - (viii) “**Funds**” has the meaning ascribed to such term in Clause 6.2;
  - (ix) “**Governmental Authority**” means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau, instrumentality, judicial, quasi-judicial or arbitral body in India or outside India and includes the Stock Exchanges;
  - (x) “**Liabilities**” has the meaning ascribed to such term in Clause 4.3(i);
  - (xi) “**New Equity Shares**” has the meaning ascribed to such term in Clause 11.2(i);
  - (xii) “**RBI**” means the Reserve Bank of India;
  - (xiii) “**Record Date**” means the date to be fixed by the Board of the Transferee Company for determining the equity shareholders of the Transferor Company to whom equity shares of the Transferee Company shall be allotted pursuant to this Scheme;
  - (xiv) “**Registrar of Companies**” means:



- (a) in relation to the Transferee Company, the registrar of companies at Bengaluru, Karnataka;
  - (b) in relation to the Transferor Company, the registrar of companies at Chennai, Tamil Nadu;
- (xv) “**Sanction Order**” means the order of the Tribunals sanctioning this Scheme;
- (xvi) “**Scheme**” means this scheme of arrangement including any amendments made in accordance with the terms hereof;
- (xvii) “**SEBI**” means the Securities and Exchange Board of India;
- (xviii) “**SEBI Scheme Circular**” means the: (a) SEBI Circular dated March 10, 2017, bearing reference number CFD/DIL3/CIR/2017/21; (b) SEBI Circular dated March 23, 2017 bearing reference number CFD/DIL3/CIR/2017/25; (c) SEBI Circular dated September 21, 2017 bearing reference number CFD/DIL3/CIR/2018/2; (d) SEBI Circular dated January 3, 2018 bearing reference number SEBI/HO/CFD/DIL3/CIR/2018/2; and (e) SEBI Circular dated January 19, 2018 bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2018/011;
- (xix) “**Share Exchange Ratio**” has the meaning ascribed to such term in Clause 11.2(i);
- (xx) “**Stock Exchanges**” means the National Stock Exchange of India Limited and the BSE;
- (xxi) “**Tribunal**” means:
- (a) in relation to the Transferee Company, the National Company Law Tribunal, Bengaluru; and
  - (b) in relation to the Transferor Company, the National Company Law Tribunal, Chennai;
- and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purposes of Section 230 to Section 232 and other applicable provisions of the Act;
- (xxii) “**Undertaking**” means all the businesses, undertakings, properties, investments and liabilities of the Transferor Company on a going concern basis and includes all:
- (a) assets (whether movable or immovable, present, future or contingent, tangible or intangible), electrical fittings, equipment, installations, computers, vehicles, furniture, fixtures, office equipment, investments (including share application monies, shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates, securities, benefits of assets or properties or other interest held in trust, cash balances, deposits, loans, advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, financial assets, funds, benefit of any security arrangements or under any guarantees, reserves and provisions of the Transferor Company;



- (b) contracts and arrangements of all kind, hire purchase contracts, rights and benefits under any agreement, all contractual rights including title, interests, refunds, other benefits (including indemnities given for the benefit of the Transferor Company), assets held by or relating to any Transferor Company employee benefit plan, derivative instruments, forward contracts, insurance claims receivable, incentives, credits, rights, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company;
- (c) all licenses, consents, permits, approvals, registrations, exemptions, no-objection certificates, municipal permissions, registrations entitlements, assignments, permissions, incentives, subsidies, concessions, grants, rights, claims, tenancy rights, liberties, special status and other benefits or privileges and claims as to quotas, rights, engagements, arrangements, authorities, allotments, security arrangements and all other approvals of every kind, nature and description whatsoever; rights to use and avail of telephones, facsimile, email, internet, leased line connections, installations and utilities for the benefit of or used by the Transferor Company;
- (d) all tax deferrals and benefits, sales tax deferrals, tax credits, all tax liabilities and tax holiday benefit for the benefit of the Transferor Company;
- (e) all liabilities and obligations of whatsoever kind including secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, employee related liabilities, liabilities relating to payment of gratuity, pension benefits, provident fund, employee related compensations and benefits, and other liabilities (including contingent liabilities), duties and obligations of the Transferor Company;
- (f) books, records, papers, files, lists of customers, borrowers, lenders and suppliers, other customer information and all other records and documents, whether in physical or electronic form of the Transferor Company;
- (g) all intellectual property rights, claims as to any patents, brands, trademarks, licenses, marketing authorisations, approvals, marketing tangibles, designs, software, trade and service names and marks, brands, patents, copyrights, licenses, computer programs, manuals, data, catalogues, sales material whether owned by, licensed to or assigned to the Transferor Company; and
- (h) all permanent employees engaged by the Transferor Company as on the Effective Date, including all employee benefits such as provident fund, employees state insurance, gratuity fund and superannuation fund.

1.2 References to “Clauses”, “Sections” and “Parts”, unless otherwise stated, are references to clauses, Sections and parts of this Scheme. The headings herein shall not affect the construction of this Scheme. Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed without limitation.



## 2. Share Capital

2.1 The share capital structure of the Transferor Company as on October 15, 2020 is as follows:

Authorized Share Capital	Rupees
1,00,00,000 (One Crore) equity shares of Rs. 10 (Rupees Ten only) each	10,00,00,000 (Rupees Ten Crores only)
Issued, Subscribed and Paid-up Share Capital	Rupees
71,94,761 (Seventy One Lakhs Ninety Four Thousand Seven Hundred Sixty One) equity shares of Rs. 10 (Rupees Ten only) each	7,19,47,610 (Rupees Seven Crores Nineteen Lakhs Forty Seven Thousand Six Hundred and Ten only)

2.2 The share capital structure of the Transferee Company as on October 15, 2020 is as follows:

Authorized Share Capital	Rupees
16,00,00,000 (Sixteen Crores) equity shares of Rs. 10 (Rupees Ten only) each	160,00,00,000 (Rupees One Hundred and Sixty Crores only)
Issued, Subscribed and Paid-up Share Capital	Rupees
15,54,75,289 (Fifteen Crores Fifty Four Lakhs Seventy Five Thousand Two Hundred and Eighty Nine) fully paid up equity shares of Rs. 10 (Rupees Ten only) each	155,47,52,890 (Rupees One Hundred and Fifty Five Crores Forty Seven Lakhs Fifty Two Thousand Eight Hundred and Ninety only)

2.3 The Transferee Company has 48,88,129 (Forty Eight Lakhs Eighty Eight Thousand One Hundred and Twenty Nine) outstanding employee stock options under CAGL Employee Stock Option Scheme – 2011, the exercise of which may result in an increase in the issued and paid-up share capital of the Transferee Company .

2.4 The equity shares of the Transferee Company are listed on the Stock Exchanges.

## 3. Date when the Scheme comes into operation

The Scheme shall become effective from the Appointed Date.

## PART II – TRANSFER AND VESTING OF THE UNDERTAKING

### 4. Transfer of Undertaking

4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Undertaking of the Transferor Company shall be transferred to and vested in the Transferee Company as a going concern without any further act, instrument or deed so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.

### 4.2 Transfer of Assets

(i) Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the estate, assets, rights, claims, title, interest and authorities comprised in the Undertaking shall, under the Sections 230 to 232 and other applicable provisions of the Act, without any





further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Transferee Company.

- (ii) The assets of the Transferor Company as are movable in nature or are otherwise capable of transfer by delivery of possession, payment or by endorsement and delivery shall be so transferred by the Transferor Company and shall become the property of the Transferee Company with effect from the Appointed Date pursuant to Sections 230 to 232 and other applicable provisions of the Act without requiring any act, instrument or deed for transfer of the same.
- (iii) The assets of the Transferor Company including 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, investments, earnest money and deposits with any Governmental Authority or with any company or other person, other than those referred to above shall, without any further act, instrument or deed, be transferred to and vested in the Transferee Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to Sections 230 to 232 and other applicable provisions of the Act.
- (iv) All assets, rights, title, interest, investments and properties of the Transferor Company and any assets, right, title, interest, investments and properties acquired by the Transferor Company after the Appointed Date but prior to the Effective Date shall also, without any further act, instrument or deed stand transferred to and vested in the Transferee Company upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to Sections 230 to 232 and other applicable provisions of the Act and all other provisions of applicable law, if any.
- (v) 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 otherwise and all documents of title, rights and easements in relation thereto, shall be vested in the Transferee Company, without any further act, instrument or deed. The Transferee Company shall be entitled to exercise all rights and privileges attached to such immovable properties and shall be liable 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 such transferred 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 Governmental Authorities pursuant to the sanction of this Scheme and upon the Scheme becoming effective.
- (vi) All the consents, licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, refunds, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, with effect from the Appointed Date including income tax and other tax benefits and exemptions shall, under the provisions of Section 230 to Section 232 and other applicable provisions of the Act shall, without any act, instrument or deed stand transferred to and vest in and be available to the Transferee



Company so as to become the consents, licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, refunds, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

- (vii) Upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to Section 230 to Section 232 and other applicable provisions of the Act, the Transferee Company will be entitled to all the trade and service names and marks, brands, patents, copyrights, licenses, marketing authorisations, approvals and marketing tangibles of the Transferor Company including registered and unregistered trademarks along with all rights of commercial nature including those attached to goodwill, title, interest, labels and brands registrations, copyrights, trademarks and all such other industrial or intellectual rights of whatsoever nature.

#### 4.3 Transfer of Liabilities

- (i) Upon the coming into effect of this Scheme and with effect from the Appointed Date, all liabilities relating to and comprised in the Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities, debentures, duties and obligations and undertakings of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations (the “**Liabilities**”) shall, pursuant to the sanction of this Scheme by the Tribunals and under Sections 230 to 232 and other applicable provisions of the Act, without any further act, instrument, deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company.
- (ii) All debts, loans and borrowings (including debentures) raised, liabilities, duties and obligations of the Transferor Company as on the Appointed Date, whether or not provided in the books of the Transferor Company, and all debts, loans raised, liabilities, duties and obligations incurred or which arise or accrue to the Transferor Company on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans and borrowings (including debentures) raised, liabilities, duties and obligations of the Transferee Company upon the coming into effect of this Scheme and with effect from the Appointed Date. Where any such debts, loans raised, liabilities, duties or obligations of the Transferor Company have been discharged or satisfied on or after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.
- (iii) All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Transferor Company after the Appointed Date and 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 to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under Sections 230 to 232 and other applicable provisions of the Act, without any further act, instrument or deed be and stand transferred to and vested in or be deemed to have been transferred to and vested in the



Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company.

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 the Transferee Company shall stand discharged and come to an end on the Effective Date and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company.

- (iv) Upon the coming into effect of this Scheme, the Transferee Company shall be liable to perform the Transferor Company's obligations in respect of the liabilities transferred to it in terms of this Scheme.
- (v) All debentures, bonds, notes or other similar 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 stand transferred to and vested in or deemed to be transferred to and vested in and shall be exercisable by or against the Transferee Company as if it were the Transferor Company. The debentures of the Transferor Company which are listed on the BSE shall, upon transfer/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). The Board of the Transferee Company shall be authorized to take such steps and do all acts, deeds and things in relation to the foregoing.
- (vi) Clause 4.3 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which shall stand superseded by the foregoing provisions.

#### 4.4 Encumbrances

- (i) The transfer and vesting of the assets comprised in the Undertaking to and in the Transferee Company under this Scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.
- (ii) All encumbrances over the Transferor Company's assets existing on the Appointed Date shall, insofar as they secure or pertain to liabilities of the Transferor Company, shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company. Such encumbrances shall not relate or attach to any of the other assets of the Transferee Company.
- (iii) If any assets of the Transferor Company have not been encumbered in respect of any liabilities transferred pursuant to this Scheme, such assets shall remain unencumbered and the existing encumbrance shall not be extended to and shall not operate over such assets. Such encumbrances shall not relate or attach to any other assets of the Transferee Company. The holders of security over the properties of the Transferee Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interests of the Transferor Company and therefore, assets of the Transferor Company or



Transferee Company 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.

#### 4.5 **Transfer of Contracts, Deeds, etc.,**

- (i) Upon the coming into effect of this Scheme and with effect from the Appointed Date, subject to this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- (ii) 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, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company in relation to the Undertaking shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the 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. The Transferee Company shall make applications to any governmental authority as may be necessary in this behalf.

#### 5. **Legal Proceedings**

Upon the effectiveness of this Scheme and with effect from the Appointed Date, all suits, actions, claims, legal, taxation or other proceedings by or against the Transferor Company whether civil or criminal and whether pending and/or arising on or before the Effective Date, shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or pending and/or arising by or against the Transferee Company.

#### 6. **Employees**

- 6.1 Upon the coming into effect of this Scheme, all Employees as on the Effective Date shall become the permanent employees of the Transferee Company on terms and conditions not less favourable than those on which they are engaged by the Transferor Company and without any interruption of, or break in service as a result of the transfer of the Undertaking. The past services of the Employees and benefits to which the Employees are entitled in the Transferor Company be taken into account for the purpose of payment of any compensation, gratuity and other terminal benefits by the Transferee Company.
- 6.2 Insofar as the provident fund, gratuity fund, trusts, retirement fund or benefits and any other funds or benefits created by the Transferor Company for the Employees or to which the Transferor Company is contributing for the benefit of the Employees (the “Funds”) are concerned, all the contributions made to such Funds for the benefit of the Employees and the investments made by the Funds in relation to the Employees shall be transferred to the Transferee Company and shall be held for the benefit of the concerned Employees. If the Transferee Company has its own funds in



respect of any of the Funds, such contributions and investments shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, be transferred to the relevant funds of the Transferee Company and shall be held for the benefit of the concerned Employees.

- 6.3 In relation to those Employees for whom the Transferor Company is making contributions to the government provident fund, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, such that all the rights, duties, powers and obligations of the Transferor Company in relation to such provident fund trust shall become those of the Transferee Company.

## 7. **Taxation Matters**

- 7.1 Upon the Scheme coming into effect, all taxes/ cess/ duties paid, payable, received or receivable by or on behalf of the Transferor Company, including all or any refunds, claims or entitlements as to tax credits, taxes paid in advance, and/ or taxes deducted at source, including refunds or claims pending with the revenue authorities, if any, shall, for all purposes, be treated as the taxes/cess/duties, liabilities or refunds of the Transferee Company.
- 7.2 The unutilized credits relating to excise duties paid on inputs lying to the account of Transferor Company as well as the unutilized credits relating to service tax paid on input services consumed by the Transferor Company shall be transferred to the Transferee Company automatically without any specific approval or permission as an integral part of the Scheme.
- 7.3 With effect from the Appointed Date, all income tax paid (including advance tax and self-assessment tax), income tax refund due or receivable, tax deducted at source, wealth tax, carried forward losses, depreciation, capital losses, pending balances of amortizations, tax holiday benefits, incentives, credits (including tax credits), tax losses (if available) etc., under the Income-tax Act, 1961 in respect of any assessment and/or appeal, (whether as per books or as per the Income-tax Act, 1961) and any rights / refunds under the Income-tax Act, 1961 including applications for rectification, appeals filed with tax authorities of the Transferor Company shall also pursuant to Sections 230 to 232 and other applicable provisions of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company and shall be treated as paid by the Transferee Company and it shall be entitled to claim credit, refund or adjustment for the same as may be applicable.
- 7.4 If the Transferor Company is entitled to any benefits under incentive schemes and policies, it is declared that the benefits under all such incentive schemes and policies shall be transferred to and vested in the Transferee Company.
- 7.5 Upon this Scheme being effective, the Transferee Company may revise and file its income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, and other tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc. if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

## 8. **Conduct of Business**

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



- (i) The Transferor Company undertakes to carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of the Undertaking on account of, and for the benefit of and in trust for, the Transferee Company;
  - (ii) All profits or income accruing or arising to the Transferor Company, all cheques or payments made out to the name of the Transferor Company, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or income or as the case may be, expenditure or losses (including taxes) of the Transferee Company; and
  - (iii) Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of and as an agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Undertaking that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company.
- 8.2 Notwithstanding anything contained in this Scheme, subject to applicable law, the Board of the Transferee Company shall be entitled to consider, pursue, manage, undertake and conduct the business of the Transferee Company including any corporate actions, issue of securities and bonus shares, buy back of securities, reorganization, restructuring of its business, strategic acquisition or sale of any business, joint ventures, business combinations as it may deemed pursuant and necessary in the interest of the Transferee Company or to give effect to obligations under applicable law.
9. **Saving of Concluded Transactions**
- Subject to this Scheme, the transfer and vesting of the Undertaking of the Transferor Company under this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company in accordance with this Scheme.
10. **Post Scheme Conduct of Operations**
- 10.1 Even after the Scheme becomes effective, the Transferee Company shall be entitled to operate all bank accounts of the Transferor Company and realise all monies and complete and enforce all pending contracts and transactions in respect of the Transferor Company in the name of the Transferee Company in so far as may be necessary until such time that the names of the bank accounts of the Transferor Company are replaced with that of the Transferee Company.
- 10.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme, if so required under any law or otherwise, take such actions and execute such instruments as may be required in order to give formal effect to the provisions hereof. The Transferee Company shall, under the provisions of Part II of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and



to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

### **PART III - ISSUE OF EQUITY SHARES BY TRANSFEREE COMPANY**

#### **11. Issue of Equity Shares**

11.1 The provisions of this Part III shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.

#### **11.2 Issue of New Equity Shares by the Transferee Company**

- (i) Upon the effectiveness of the Scheme, in consideration of the transfer of and vesting of the Undertaking of the Transferor Company in the Transferee Company and in terms of the Scheme, the Transferee Company shall, without any further act, instrument or deed, issue and allot to the equity shareholders of the Transferor Company (whose names are registered in the register of members of the Transferor Company on the Record Date, equity shares of face value of Rs. 10 (Rupees ten only) each credited as fully paid up of the Transferee Company in the ratio of 157 (one hundred and fifty seven) equity shares of the face value of Rs. 10 (Rupees ten only) each of the Transferee Company for every 100 (one hundred) equity shares of Rs. 10 (Rupees ten only) each of the Transferor Company credited as fully paid-up (the “**Share Exchange Ratio**”) (the “**New Equity Shares**”).
- (ii) Notwithstanding anything contained under the Act, pursuant to the provisions of Sections 230-232 of the Act, the existing shareholding of the Transferee Company in the Transferor Company shall stand cancelled immediately following the issuance of the New Equity Shares in accordance with the Scheme without any further act, instrument or deed.
- (iii) Where New Equity Shares are to be allotted to heirs, executors or administrators or as the case may be, to successors of deceased equity shareholders of the Transferor Company, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of the Transferee Company.
- (iv) The New Equity Shares shall, in compliance with the applicable regulations, be listed and admitted to trading on the Stock Exchanges, where the equity shares of Transferee Company are listed and admitted to trading. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with applicable laws or regulations for complying with the listing requirements of the Stock Exchanges. The New Equity Shares shall remain frozen in the depositories system till listing/trading approvals are provided by the Stock Exchanges.
- (v) The New Equity Shares will be allotted in dematerialized form to the shareholders of the Transferor Company, provided that all details relating to the account with the depository participant are available to the Transferee Company. Equity shareholders of the Transferor Company who do not provide their details relating to the account with the depository participant will be distributed New Equity Shares in physical form unless such details are communicated in writing by the shareholders on or before such date as may be determined by the Board of the Transferee Company.
- (vi) The New Equity Shares shall be subject to the memorandum of association and articles of association of the Transferee Company and shall rank *pari passu* in all respects with the



existing equity shares of the Transferee Company including entitlement in respect of dividends. The issue and allotment of the New Equity Shares by the Transferee Company to the members of the Transferor Company as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out pursuant to and in accordance with all provisions of the Act and other applicable law.

- (vii) No fractional certificates, entitlements or credits shall be issued or given by the Transferee Company in respect of the fractional entitlements, if any, to which the shareholders of the Transferor Company are entitled on the issue and allotment of equity shares by the Transferee Company in accordance with this Scheme. If any members of the Transferor Company have a shareholding such that such members become entitled to a fraction of a New Equity Share, the Board of the Transferee Company may:
- (a) consolidate all such fractional entitlements, issue and allot such fractional entitlements directly to a nominee to be appointed by the Board of Directors of the Transferee Company, who shall hold such fractional entitlements with all additions or accretions thereto in trust for the benefit of the respective shareholders to whom they belong for the specific purpose of selling such fractional entitlements in the market at such price or prices and at such time or times as the nominee may in its sole discretion decide and on such sale pay to the Transferee Company the net sale proceeds thereof and any additions and accretions, whereupon the Transferee Company shall, subject to withholding tax and expenses, if any, distribute such sale proceeds to the shareholders of the Transferor Company in proportion to their respective fractional entitlements; or
  - (b) adopt any other procedure as permitted under applicable law to deal with such fractional entitlements.

## 12. Pending Share Transfers

If there are 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, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Transferor Company, after the effectiveness of this Scheme. The New Equity Shares to be issued in respect of any equity shares of the Transferor Company which are held in abeyance under the provisions of the Act or otherwise shall pending allotment or settlement of any underlying dispute, be held in abeyance by the Transferee Company.

## 13. Amendment to Memorandum and Articles of Association

### 13.1 Transfer of Authorized Share Capital

Upon this Scheme becoming effective and upon the vesting and transfer of the Undertaking to the Transferee Company, the entire authorized share capital of the Transferor Company shall stand transferred to the authorized share capital of the Transferee Company.





## PART IV - ACCOUNTING TREATMENT

### 14. Accounting treatment in the books of the Transferee Company

Upon this Scheme coming into effect, the Transferee Company shall account for the Amalgamation in its books of accounts, in accordance with accounting principles as laid down in Ind AS-103 notified under Section 133 of the Act and under the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time, such that:

- (i) All the assets (including the intangible assets, whether recorded in the books of accounts of the Transferor Company or not) and liabilities of the Transferor Company transferred to and vested in the Transferee Company pursuant to this Scheme shall be recorded in the books of accounts of the Transferee Company at fair values as appearing in the consolidated financial statements of the Transferee Company.
- (ii) Any statutory reserve(s) of the Transferor Company shall be transferred to and vested in Transferee Company as they appear in the consolidated books of Transferee Company.
- (iii) The Transferee Company shall record issuance of the New Equity Shares at fair value and accordingly credit to its share capital account the aggregate face value of the New Equity Shares. The excess, if any of the fair value of the New Equity Shares over the face value of new equity shares issued shall be credited to securities premium reserve.
- (iv) Pursuant to the Amalgamation, the inter-company balances between the Transferee Company and the Transferor Company, if any appearing in the books of the Transferee Company shall stand cancelled and there shall be no further obligation in that behalf.
- (v) The value of all investments held by the Transferee Company in the Transferor Company shall stand cancelled pursuant to the Amalgamation.
- (vi) Any excess viz. fair value of New Equity Shares issued as per Clause 14(iii) over the fair value of net assets and statutory reserves taken over as per Clause 14(i) and Clause 14(ii) after giving the effect of the adjustments referred to in Clause 14(iv) and Clause 14(v), shall be treated as goodwill. However, in the event the result is deficit, it shall be credited to capital reserve.

## PART V - DISSOLUTION OF TRANSFEROR COMPANY AND GENERAL TERMS AND CONDITIONS

### 15. Dissolution of Transferor Company

On the coming into effect of this Scheme, the Transferor Company shall stand dissolved without winding-up, and the Board of the Transferor Company shall without any further act, instrument or deed be and stand dissolved.

### 16. Validity of Existing Resolutions

Upon the coming into effect of this Scheme the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall 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 Act, 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.

**17. Approvals**

The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Transferee Company may require to own the Undertaking and to carry on the business of the Transferor Company.

**18. Effective Date**

18.1 The coming into effect of this Scheme is conditional upon and subject to:

- (i) it being approved by the respective requisite majorities of the shareholders (including (if applicable) by way of voting through postal ballot and/ or e-voting) and creditors (where applicable) of the Transferor Company and Transferee Company as required under the Act, subject to any dispensation that may be granted by the Tribunals;
- (ii) it being sanctioned by the Tribunals in terms of Sections 230 to 232 and other applicable provisions of the Act;
- (iii) the Stock Exchanges issuing their observation/ no-objection letters and SEBI issuing its comments on the Scheme to the Transferee Company under the SEBI Scheme Circular;
- (iv) the certified copies of the Sanction Order being filed with the Registrar of Companies; and
- (v) receipt of Consents which are mutually identified by the Transferor Company and the Transferee Company as being necessary to effect the Amalgamation.

**19. Effect of Non-Receipt of Approvals**

19.1 The Boards of the Transferor Company and the Transferee Company may mutually agree to terminate this Scheme and in such cases, this Scheme shall stand terminated, revoked, cancelled and be null and void and of no effect and the Transferor Company and the Transferee Company shall, if required, file appropriate proceedings before the Tribunals in this respect.

19.2 Upon the termination, revocation or cancellation of this Scheme as set out in Clause 19.1, no rights and liabilities shall accrue to or be incurred by the Transferor Company and the Transferee Company or their shareholders or creditors or employees or any other person. In such cases, each of the Transferor Company and the Transferee Company shall bear its own costs and expenses or as may be otherwise mutually agreed.

**20. Costs, Expenses and Charges**

All costs, charges and expenses, including any taxes, stamp duties and registration fees of the Transferor Company and the Transferee Company respectively in relation to or in connection with or incidental to this Scheme and of carrying out and completing the terms of this Scheme shall be borne and paid by the Transferee Company, and the stamp duty on the orders of the Tribunals, if any and to the extent applicable, shall also be borne and paid by the Transferee Company.

