

COMPOSITE SCHEME OF ARRANGEMENT

AMONGST

**IIFL WEALTH CAPITAL MARKETS LIMITED
("TRANSFEROR COMPANY" OR "IWCML")**

AND

**IIFL WEALTH PRIME LIMITED
("TRANSFeree COMPANY" OR "DEMERGED COMPANY" OR "IWPL")**

AND

**IIFL WEALTH DISTRIBUTION SERVICES LIMITED
("RESULTING COMPANY" OR "IWDSL")**

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

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

(A) DESCRIPTION OF COMPANIES

1. **IIFL Wealth Capital Markets Limited ("Transferor Company" or "IWCML")** is a public company incorporated under the provisions of the Act (*as defined hereinafter*). IWCML is engaged primarily in the business of distribution of financial/ investment products such as mutual funds, alternative investment funds, PMS etc. to high net worth individuals and corporates. IWCML is a wholly owned subsidiary of IWPL (*as defined hereinafter*) and is also registered with the Association of Mutual Funds of India, to engage in the mutual fund distribution business.
2. **IIFL Wealth Prime Limited ("Transferee Company" or "Demerged Company" or "IWPL")** is a public company incorporated under the provisions of the Companies Act, 1956. IWPL is registered with the Reserve Bank of India as a Systematically Important Non-Banking Financial Company (NBFC-ND-SI) not accepting public deposits. IWPL is primarily engaged in financing and investing activities that includes loan against securities, capital market/ IPO financing, loan against property, etc. catering to the financing needs of high net worth individuals and corporates. IWPL is also engaged in distribution of financial/ investment products such as mutual funds, alternative investment funds, PMS etc. to high net worth individuals and corporates. IWPL is registered with the Association of Mutual Funds of India to engage in the mutual fund distribution business.
3. **IIFL Wealth Distribution Services Limited ("Resulting Company" or "IWDSL")** is a public company incorporated under the provisions of the Companies Act, 1956. IWDSL is registered with the Securities and Exchange Board of India ("SEBI") to engage in the retail broking and depository participant business. IWDSL also provides manpower services to its associate companies.

(B) OVERVIEW OF THE SCHEME

1. This Scheme (*as defined hereinafter*) is presented under Sections 230 to 232 and other applicable provisions of the Act read with Section 2(1B) and 2(19AA) and other applicable provisions of the Income Tax Act (*as defined hereinafter*) and provides for the following:
 - (i) amalgamation of the Transferor Company with the Transferee Company; and
 - (ii) demerger, transfer and vesting of the Demerged Undertaking (*as defined hereinafter*) from the Demerged Company into the Resulting Company on a *going concern* basis.
2. This Scheme also provides for various other matters consequent and incidental thereto.

(C) RATIONALE

1. Parties (*as defined hereinafter*) form part of the same group. Core businesses/ undertakings of the Parties operate *inter alia* under different market dynamics, growth trajectory, have a differentiated strategy, different business, capital requirements, specific risks, revenue and cost

structures, synergies, employee skill set requirements and compensation structure. The nature and competition involved in each of the businesses is distinct from others and consequently each business or undertaking, is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders. Further, each of the businesses are governed/ regulated by different set of regulations and regulators.

2. As mentioned earlier IWPL is a non-banking finance company, engaged in distinct businesses viz., loan/ investment and related businesses; and distribution of financial/ investment products. In April 2020, IWPL acquired 100% equity in IWCML, a company engaged in the distribution of financial products, to strengthen its distribution business.
3. IWDSL is a company currently engaged in broking business catering to high net worth individuals and corporates. The consolidation of the Distribution Business (*as defined hereinafter*) with IWDSL, in the manner as provided in the Scheme, will result into the following benefits:
 - (a) De-risk the Distribution Business from the financing and investing activities carried on by IWPL;
 - (b) Consolidation and creation of a focused/ independent distribution business in IWDSL. The consolidation with broking business of IWDSL will benefit from enabling comprehensive client engagement with complete and complementary product suits and investment solutions, improved client servicing, benefit from business synergies, optimisation of cost structure and a focussed sales effort to a homogeneous client set;
 - (c) Enable focused growth strategy for each of the business' of IWPL and IWDSL respectively;
 - (d) Efficient utilisation of capital and enhanced returns for both the businesses (finance and investments and distribution);
 - (e) A distinct distribution business entity will provide better flexibility in accessing capital in future; and
 - (f) Cost savings through legal entity rationalisation.
4. The Scheme is in the best interests of the shareholders, employees and the creditors of each of the Parties.

(D) PARTS OF THE SCHEME

The Scheme (*as defined hereinafter*) is divided into the following parts:

1. **PART I** deals with the definitions, share capital of the Parties, date of taking effect and implementation of this Scheme;
2. **PART II** deals with amalgamation of the Transferor Company with the Transferee Company;
3. **PART III** deals with the demerger, transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company on a *going concern* basis; and
4. **PART IV** deals with the general terms and conditions applicable to this Scheme.

PART I

DEFINITIONS, SHARE CAPITAL OF THE PARTIES AND DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

1. DEFINITIONS

- 1.1 In this Scheme, (i) capitalised terms defined by inclusion in quotations and/ or parenthesis shall have the meanings so ascribed; and

(ii) the following expressions shall have the meanings ascribed hereunder:

“**Act**” means the Companies Act, 2013;

“Applicable Law” or “Law” means any applicable national, foreign, provincial, local or other law including applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, Tribunal (*as defined hereinafter*); (b) Permits (*as defined hereinafter*); and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority (*as defined hereinafter*) having jurisdiction over the Parties as may be in force from time to time;

“Appointed Date” means the opening business hours of 1st April 2021;

“Appropriate Authority” means:

- (a) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, tribunals, central bank, commission or other authority thereof; and
- (b) any governmental, quasi-governmental or private body, self regulatory organisation, or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, Tax, importing, exporting or other governmental or quasi-governmental authority including without limitation, RBI, SEBI, Stock Exchanges, clearing corporations, Association of Mutual Funds of India, and the Tribunal.

“Board” in relation to the Parties, means the board of directors of such Party, and shall include a committee of directors or any person authorized by such board of directors or such committee of directors duly constituted and authorized for the matters pertaining to this Scheme or any other matter relating hereto;

“Demerged Company” or “Transferee Company” or “IWPL” means IIFL Wealth Prime Limited, a public company incorporated under Companies Act, 1956, under the corporate identity number U65990MH1994PLC080646 and having its registered office at 6th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, Maharashtra;

“Demerged Undertaking” means the entire undertaking of the Demerged Company pertaining to the Distribution Business, immediately after amalgamation of IWCML with IWPL, as of the Appointed Date, and shall include (without limitation):

- (a) all the movable and immovable properties, tangible or intangible, including all computers and accessories, software, applications and related data, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, cash in hand, amounts lying in the banks, investments, escrow accounts, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, freehold/ leasehold rights, brands, sub-letting tenancy rights, rights as lessee, leave and license permissions, goodwill, customer relationships and other intangibles, licenses, approvals, Permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other intellectual properties and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other Person including customers, contractors or other counter parties, etc., all earnest monies and/ or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to and pertaining to the Distribution Business;
- (b) any and all memberships and registrations of the Demerged Company in relation to and

pertaining to the Distribution Business;

- (c) all receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company in relation to and pertaining to the Distribution Business;
- (d) all contracts, agreements, declarations, statements, purchase orders/ service orders, agreement with customers, purchase and other agreements with the supplier/ service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims and clearances and other instruments of whatsoever nature and description including all client registration forms/ KYC (know your customer) records/ POAs (power of attorney) issued by clients, client records, authorisations, client details, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the Distribution Business; and all other rights including sales tax deferrals and exemptions and other benefits, the input credit balances (including, State Goods & Service Tax (“SGST”), Integrated Goods and Services Tax (“IGST”) and Central Goods and Service Tax (“CGST”) credits) under the goods and service tax laws, CENVAT/ MODVAT credit balances under Central Excise Act, 1944, sales tax law, duty drawback claims, rebate receivables, refund and advance, all customs duty benefits and exemptions, export and import incentives and benefits or any other benefits/ incentives/ exemptions given under any policy announcements issued or promulgated by the government of India or state government or any other government body or authority or any other like benefits under any statute) receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Distribution Business, whether or not so recorded in the books of the Demerged Company;
- (e) all Tax credits, refunds, reimbursements, claims, concessions, exemptions, benefits under Tax Laws including minimum alternate tax paid under section 115JA/ 115JB of the Income Tax Act, advance taxes, tax deducted at source, right to carry forward and set-off accumulated losses and unabsorbed depreciation, if any, deferred tax assets, minimum alternate tax credit, goods and service tax credit, deductions and benefits under the Income Tax Act or any other Taxation statute enjoyed by the Demerged Company pertaining to the Distribution Business;
- (f) all debts, borrowings and liabilities, whether present, future or contingent or deferred tax liabilities, whether secured or unsecured, pertaining to the Distribution Business;
- (g) all Permits, licences, approvals, registrations, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, trademarks, designs, copyrights, patents and other intellectual property rights of the Demerged Company pertaining to its Distribution Business, whether registered or unregistered and powers of every kind, nature and description whatsoever, whether from the government bodies or otherwise, pertaining to or relating to the Distribution Business;
- (h) entire experience, credentials, past record and market share of the Demerged Company pertaining to the Distribution Business;
- (i) all books, records, files, papers, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, pertaining to the Distribution Business of the Demerged Company; and
- (j) all employees of the Demerged Company engaged in the Distribution Business.

Any question that may arise as to whether a specific asset (tangible or intangible) or liability or employee pertains or does not pertain to the Demerged Undertaking shall be decided mutually by the Boards of the Demerged Company and the Resulting Company.

“**Demerged Undertaking Liabilities**” shall have meaning assigned to it in Clause 12.2.6 of this Scheme;

“Distribution Business” means and includes the entire distribution business of the Demerged Company after amalgamation of IWCML with IWPL, including business of distribution of: (a) referral and agency agreements; and (b) financial products to high net-worth individuals/ families and corporates, but not limited to distribution of mutual funds, AIF, PMS, VCF, and other financial products and other activities and/ or arrangements relating incidental or relating thereto.

“Effective Date” means the date on which last of the conditions specified in Clause 25 (Conditions Precedent) of this Scheme are complied with. Reference in this Scheme to the date of **“coming into effect of this Scheme”** or **“effectiveness of this Scheme”** or **“effect of this Scheme”** or **“upon the Scheme becoming effective”** shall mean the Effective Date;

“Encumbrance” means (a) any charge, lien (statutory or other), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; (b) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, transfer, receipt of income or exercise; or (c) any hypothecation, title retention, restriction, power of sale or other preferential arrangement; or (d) any agreement to create any of the above; and the term **“Encumber”** shall be construed accordingly;

“Income Tax Act” means the Income-tax Act, 1961;

“INR” or **“Rupee(s)”** means Indian Rupee, the lawful currency of the Republic of India;

“Parties” means collectively the IWCML, IWPL and IWDSL and **“Party”** shall mean each of them, individually;

“Permits” means all consents, licences, permits, certificates, permissions, authorisations, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, no objections, whether governmental, statutory, regulatory or otherwise as required under Applicable Law;

“Person” means an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;

“RBI” means the Reserve Bank of India;

“Remaining Business of the Demerged Company” means all the business, units, divisions, undertakings (specifically including the non-banking financial activities and insurance advisory services as a corporate agent) and assets and liabilities of the Demerged Company other than those forming part of the Demerged Undertaking;

“RoC” means the relevant jurisdictional Registrar of Companies having jurisdiction over the Parties;

“Scheme” or **“this Scheme”** means this composite scheme of arrangement, as may be modified;

“SEBI” means the Securities and Exchange Board of India;

“Stock Exchanges” means National Stock Exchange of India Limited and BSE Limited collectively and Stock Exchange shall mean each of them individually;

“Tax Laws” means all Applicable Laws dealing with Taxes including but not limited to income-tax, wealth tax, sales tax/ value added tax, service tax, goods and service tax, excise duty, customs duty or any other levy of similar nature;

“Taxation” or **“Tax”** or **“Taxes”** means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and services or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, collection at source, dividend distribution tax, advance tax, minimum alternate tax, goods and services tax or otherwise or attributable directly or primarily to any of the Parties or any other Person and all penalties, charges, costs and interest relating thereto; and

“**Resulting Company**” or “**IWDSL**” means IIFL Wealth Distribution Services Limited, a public company incorporated under the provisions of the Companies Act, 1956 and having its corporate identification number U45201MH1995PLC228043 and registered office at IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra;

“**Transferor Company**” or “**IWCML**” means IIFL Wealth Capital Markets Limited, a public company incorporated under the provisions of the Act and having its corporate identity number U67190MH2013PLC240261 and registered office at IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra;

“**Tribunal**” means the jurisdictional bench of the National Company Law Tribunal having jurisdiction over the Parties.

1.2 In this Scheme, unless the context otherwise requires:

1.2.1 words denoting the singular shall include the plural and *vice versa*;

1.2.2 any Person includes that Person’s legal heirs, administrators, executors, liquidators, successors, successors-in-interest and permitted assigns, as the case may be;

1.2.3 headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are for information and convenience only and shall be ignored in construing the same; and

1.2.4 the words “include” and “including” are to be construed without limitation.

2. SHARE CAPITAL

2.1 The share capital structure of IWCML as on 31 May 2021 is as follows:

Particulars	Amount in Rs
Authorised share capital	
76,50,00,000 equity shares of INR 1 each	76,50,00,000
Total	76,50,00,000
Issued and subscribed and paid up share capital	
52,31,20,000 equity shares of INR 1 each, fully paid up	52,31,20,000
Total	52,31,20,000

Subsequent to the aforesaid date, there has been no change in the authorised, issued, subscribed and paid-up share capital of IWCML until the date of approval of the Scheme by the Board of IWCML. The entire equity share capital of IWCML is held by IWPL along with its nominees.

2.2 The share capital structure of IWPL as on 31 May 2021 is as follows:

Particulars	Amount in INR
Authorised share capital	
35,00,00,000 equity shares of INR 10 each	350,00,00,000
Total	350,00,00,000
Issued, Subscribed and Paid-up Capital	
30,54,93,803 equity shares of INR 10 each	305,49,38,030
Total	305,49,38,030

Subsequent to the aforesaid date, there has been no change in the authorised, issued, subscribed and paid-up share capital of IWPL until the date of approval of the Scheme by the Board of IWPL.

2.3 The share capital structure of IWDSL as on 31 May 2021 is as follows:

Particulars	Amount in INR
Authorised share capital	
35,000 equity shares of INR 100 each	35,00,000
Total	35,00,000
Issued, Subscribed and Paid-up Capital	
30,000 equity shares of INR 100 each	30,00,000
Total	30,00,000

Subsequent to the aforesaid date, there has been no change in the authorised, issued, subscribed and paid-up share capital of IWDSL until the date of approval of the Scheme by the Board of IWDSL.

3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

This Scheme in its present form or with any modification(s) made as per Clause 24 of this Scheme, shall become operative from the Effective Date and effective from the Appointed Date.

PART II

AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY

4. AMALGAMATION AND VESTING OF ASSETS AND LIABILITIES AND ENTIRE BUSINESS OF THE TRANSFEROR COMPANY

4.1 Upon effectiveness of Part II of this Scheme and with effect from the Appointed Date and in accordance with the provisions of this Scheme and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Section 2(1B) of the Income Tax Act, the Transferor Company shall stand transferred to and vested in the Transferee Company as a going concern and accordingly, all assets, Permits, contracts, liabilities, loan, debentures, duties and obligations of the Transferor Company shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date, the assets, Permits, contracts, liabilities, loan, debentures, duties and obligations of the Transferee Company by virtue of operation of law, and in the manner provided in this Scheme.

4.2 Upon effectiveness of Part II of this Scheme and with effect from the Appointed Date, without prejudice to the generality of the provisions of Clause 4.1 above, the manner of transfer and vesting of assets and liabilities of the Transferor Company under this Scheme, is as follows:

4.2.1 In respect of such of the assets and properties of the Transferor Company which are movable in nature (including but not limited to all intangible assets, brands, trademarks of the Transferor Company, whether registered or unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature) or are otherwise capable of transfer by delivery or possession or by endorsement, shall stand transferred upon the Scheme coming into effect and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Transferee Company without requiring any deed or instrument of conveyance for transfer of the same. 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;

4.2.2 Subject to Clause 4.2.3 below, with respect to the assets of the Transferor Company, other than those referred to in Clause **Error! Reference source not found.** above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Transferor Company shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company, with effect from the Appointed Date, by operation of law as transmission or as the case may be in favour of Transferee Company;

4.2.3 In respect of such of the assets and properties of the Transferor Company which are immovable in nature, including rights, interest and easements in relation thereto, the same shall stand transferred to the Transferee Company with effect from the Appointed Date, without any act or deed or conveyance being required to be done or executed by the Transferor Company and/or the Transferee Company;

- 4.2.4 For the avoidance of doubt and without prejudice to the generality of Clause 4.2.3 above and Clause 4.2.5 below, it is clarified that, with respect to the immovable properties of the Transferor Company in the nature of land and buildings, the Transferor Company and/ or the Transferee Company shall register the true copy of the orders of the Authority approving the Scheme with the offices of the relevant sub-registrar of Assurances or similar registering authority having jurisdiction over the location of such immovable property and shall also execute and register, as required, such other documents as may be necessary in this regard. For the avoidance of doubt, it is clarified that any document executed pursuant to this Clause 0 or Clause 4.2.5 below will be for the limited purpose of meeting regulatory requirements and shall not be deemed to be a document under which the transfer of any property of the Transferor Company takes place and the assets and liabilities of the Transferor Company shall be transferred solely pursuant to and in terms of this Scheme and the order of the Authority sanctioning this Scheme;
- 4.2.5 Notwithstanding anything contained in this Scheme, with respect to the immovable properties of the Transferor Company in the nature of land and buildings situated in states other than the state of Maharashtra, whether owned or leased, for the purpose of, *inter alia*, payment of stamp duty and vesting in the Transferee Company, if the Transferee Company so decides, the Transferor Company and/ or the Transferee Company, whether before or after the Effective Date, may execute and register or cause to be executed and registered, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Transferee Company in respect of such immovable properties. Each of the immovable properties, only for the purposes of the payment of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a value determined by the relevant authorities in accordance with the applicable circle rates. The transfer of such immovable properties shall form an integral part of this Scheme;
- 4.2.6 All debts, liabilities, duties and obligations of the Transferor Company shall, without any further act, instrument or deed be transferred to, and vested in, and/ or deemed to have been transferred to, and vested in, the Transferee Company, so as to become on and from the Appointed Date, the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and it shall not be necessary to obtain the consent of any Person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause **Error! Reference source not found.**;
- 4.2.7 On and from the Effective Date and till such time that the name of the bank accounts of the Transferor Company has been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company in the name of the Transferor Company and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or 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 account of the Transferee Company, if presented by the Transferee Company;
- 4.2.8 Unless otherwise agreed between the Parties, the vesting of all the assets of the Transferor Company, as aforesaid, shall be along with the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of the Transferor Company or part thereof on or over which they are subsisting prior to the amalgamation of the Transferor Company with the Transferee Company, and no such Encumbrances shall extend over or apply to any other asset(s) of the Transferee Company.
- 4.2.9 Unless otherwise stated in this Scheme, all Permits, including the benefits attached thereto of the Transferor Company (including but not limited to, Permit bearing Association of Mutual Funds in India Registration Number 87977), shall be transferred to the Transferee Company from the Appointed Date, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of 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, obligations and duties thereunder, and the rights

and benefits under the same shall be available to the Transferee Company to carry on the operations of the Transferor Company without any hindrance, whatsoever;

4.2.10 Without prejudice to the provisions as stated above, all trade and service names and marks, patents, copyrights, designs, goodwill which includes the positive reputation that the Transferor Company were enjoying to retain its clients, statutory licenses, infrastructural advantages, overall increase in market share, customer base, skilled employees, business claims, business information, business contracts, trade style and name, marketing and distribution channels, marketing or other commercial rights, customer relationship, trade secrets, information on consumption pattern or habits of the consumers in the territory, technical know-how, client records, KYC (know your customer) records/ POAs (power of attorney), authorisations, client details and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programs, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Company shall be transferred to the Transferee Company from the Appointed Date, without any further act, instrument or deed;

All contracts where the Transferor Company is a party, shall stand transferred to and vested in the Transferee Company pursuant to this Scheme becoming effective. The absence of any formal amendment which may be required by a third party to effect such transfer and vesting shall not affect the operation of the foregoing sentence. The Transferee Company shall, wherever necessary, enter into and/ or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause.

4.2.11 Provided that, upon this Scheme coming into effect, all inter-company transactions including loans, contracts executed or entered into by or *inter se* between the Transferor Company and the Transferee Company, if any, shall stand cancelled with effect from the Effective Date and neither the Transferor Company and/or Transferee Company shall have any obligation or liability against the other party in relation thereto.

4.3 Without prejudice to the provisions of the foregoing sub-clauses of Clause 4.2, the Parties may execute any and all instruments or documents and do all acts, deeds and things as may be required, including filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to the Scheme. Any procedural requirements required to be fulfilled solely by the Transferor Company, shall be fulfilled by the Transferee Company as if it were the duly constituted attorney of the Transferor Company. The Transferee Company shall take such actions as may be necessary and permissible to get the assets, Permits and contracts of the Transferor Company transferred and/ or registered in its name.

5. EMPLOYEES

5.1 With effect from the Effective Date, all employees of the Transferor Company shall become employees of the Transferee Company, without any interruption in service, all employees of the Transferor Company on terms and conditions no less favourable than those on which they are engaged by the Transferor Company. The Transferee Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company with any Persons in relation to the employees of the Transferor Company. The Transferee Company agrees that the services of all such employees with the Transferor Company prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.

5.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund of which they are members, will be transferred respectively to such provident fund, gratuity fund and superannuation funds nominated by the Transferee Company and/ or such new provident fund, gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Transferee Company.

6. LEGAL PROCEEDINGS

- 6.1 With effect from the Effective Date, if any suit, cause of action, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatsoever nature by or against the Transferor Company pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by anything contained in this Scheme, but such proceedings of the Transferor Company may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made. On and from the Effective Date, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Company.

7. TAXES/ DUTIES/ CESS

Upon the effectiveness of Part II of this Scheme and with effect from the Appointed Date, by operation of law pursuant to the order of the Authority:

- 7.1 All the profits or income taxes (including but not limited to advance tax, tax deducted at source, tax collected at source, foreign tax credits, dividend distribution tax, minimum alternate tax credit, any credit for dividend distribution tax on dividend received by the Transferor Company), all input credit balances (including but not limited to CENVAT/ MODVAT, sales tax, applicable excise and customs duties, SGST, IGST and CGST credits under the goods and service tax laws) or any costs, charges, expenditure accruing to the Transferor Company in India and abroad or expenditure or losses arising or incurred or suffered by the Transferor Company shall for all purpose be treated and be deemed to be and accrue as the profits, taxes (namely advance tax, Tax deducted at source, Tax collected at source, dividend distribution tax & foreign tax credits), tax losses, minimum alternate tax credit, dividend distribution tax credit, input credit balances (namely CENVAT/ MODVAT, sales tax, applicable excise and customs duties, SGST, IGST and CGST credits under the goods and service tax laws, income costs, charges, expenditure or losses of the Transferee Company, as the case may be.
- 7.2 If the Transferor Company is entitled to any benefits under incentive schemes and policies under Tax Laws, such as tax deferrals, exemptions, benefits and subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and all such benefits under all such incentive schemes and policies as mentioned above shall be available and stand vested in the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.
- 7.3 With effect from the Effective Date, the Transferee Company shall have the right to revise its financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/ or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme. The Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, even beyond the due date, if required, including tax deducted/ collected at source returns, service tax returns, excise tax returns, sales tax/ value added tax/ goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax deducted at source, credit of foreign Taxes paid/ withheld, etc. if any, as may be required for the purposes of implementation of the Scheme.
- 7.4 It is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferor Company, shall, if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Authority having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company, as the Person entitled thereto, to the end and intent that the right of the Transferor Company, to recover or realise the same, stands transferred to the Transferee Company.

8. CONSIDERATION

- 8.1 The Transferor Company is a wholly owned subsidiary of the Transferee Company and therefore there shall be no issue of shares as consideration for the amalgamation of the Transferor Company with the Transferee Company.
- 8.2 Upon the Scheme becoming effective, all equity shares of the Transferor Company held by the Transferee Company along with its nominees, shall stand cancelled without any further application, act, or deed.

9. ACCOUNTING TREATMENT

- 9.1 Upon the Scheme being effective and with effect from the Appointed Date, the Transferee Company shall account for the amalgamation of the Transferor Company into and within its books of accounts as per the "Pooling of Interest Method" in compliance with the Appendix C of Indian Accounting Standard 103 on Business Combinations and other Indian Accounting Standards, as applicable, and notified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India in the following manner:
- 9.1.1 As on the Appointed Date, the Transferee Company shall record all the assets, liabilities and reserves (if and to the extent applicable) of the Transferor Company, vested in it pursuant to this Scheme, at the carrying values in the same manner as if the Transferee Company had prepared its consolidated financial statements with Transferor Company as its subsidiary;
- 9.1.2 Pursuant to the amalgamation of the Transferor Company with the Transferee Company, inter-company deposits/ loans and advances/ any other balances between the Transferee Company and the Transferor Company, if any, appearing in the books of the Transferee Company shall stand cancelled;
- 9.1.3 The value of all investments held by the Transferee Company in the Transferor Company shall stand cancelled pursuant to amalgamation and there shall be no further rights or obligations in that behalf;
- 9.1.4 In case of any differences in accounting policies between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the financial statements reflect the financial position based on consistent accounting policies; and
- 9.1.5 Comparative financial information in the financial statements of the Transferee Company shall be restated for the accounting impact of merger, as stated above, from the later of the beginning of the comparative period in the financial statements or when the control was acquired.

10. COMBINATION OF AUTHORISED SHARE CAPITAL

- 10.1 Upon the effectiveness of Part II of this Scheme, the authorised share capital of the Transferor Company as on the Effective Date will be combined with the authorised equity share capital of the Transferee Company and accordingly the authorised equity share capital of the Transferee Company shall stand increased without any further act, instrument or deed on the part of Transferee Company including payment of stamp duty and fees to RoC.
- 10.2 The memorandum of association and articles of association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders of the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under the applicable provisions of the Act would be required to be separately passed, as the case may be, and for this purpose the stamp duty and fees paid on the authorized capital of the Transferor Company shall be utilized and applied to the increased authorized share capital of the Transferee Company.
- 10.3 Consequentially, Clause V(a)(i) of the memorandum of association of the Transferee Company shall without any act, instrument or deed be and stand altered, modified and amended, to reflect the increased combined authorised share capital as per Clause 10.1 above, pursuant to Sections 13, 14, 61, 64, and other applicable provisions of the Act.
- 10.4 It is clarified that the approval of the Tribunal to the Scheme shall be deemed to be consent/ approval of the members of the Transferee Company also to the alteration of the memorandum and articles of association of the Transferee Company as may be required under the Act.

11. DISSOLUTION OF THE TRANSFEROR COMPANY

- 11.1 Upon the effectiveness of Part II of this Scheme, the Transferor Company shall stand dissolved without winding up and the Board and any committees thereof of the Transferor Company shall

without any further act, instrument or deed be and stand discharged. On and from the Effective Date, the name of the Transferor Company shall be struck off from the records of the concerned RoC.

PART III

DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

12. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

12.1 Immediately after Part II of the Scheme coming into effect and with effect from the Appointed Date and in accordance with the provisions of this Scheme and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, the Demerged Undertaking along with all its assets, Permits, contracts, liabilities, loan, duties and obligations of the Demerged Company shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company on a *going concern* basis, so as to become as and from the Appointed Date, the assets, Permits, contracts, liabilities, loan, debentures, duties and obligations of the Resulting Company by virtue of operation of law, and in the manner provided in this Scheme.

This Scheme complies with the definition of “demerger” as per Section 2(19AA) of the Income Tax Act. If any terms of this Scheme are found to be or interpreted to be inconsistent with provisions of the Income Tax Act, then this Scheme shall stand modified to be in accordance with aforesaid provisions of the Income Tax Act.

12.2 Without prejudice to the generality of the provisions of Clause 12.1 above, the manner of transfer and vesting of assets and liabilities forming part of the Demerged Undertaking under this Scheme, is as follows:

12.2.1 In respect of such of the assets and properties forming part of the Demerged Undertaking which are movable in nature (including but not limited to all intangible assets, brands, trademarks of the Demerged Undertaking, whether registered or unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature) or are otherwise capable of transfer by delivery or possession or by endorsement, shall stand transferred upon the Scheme coming into effect and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company without requiring any deed or instrument of conveyance for transfer of the same. 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;

12.2.2 Subject to Clause 12.2.3 below, with respect to the assets forming part of the Demerged Undertaking other than those referred to in Clause 12.2.1 above, including all rights including lease rental rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Demerged Company, the same shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company, with effect from the Appointed Date by operation of law as transmission in favour of Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required;

12.2.3 In respect of such of the assets and properties forming part of the Demerged Undertaking which are immovable in nature, whether or not included in the books of the Demerged Company, including rights, interest and easements in relation thereto, the same shall stand transferred to the Resulting Company with effect from the Appointed Date, without

any act or deed or conveyance being required to be done or executed by the Demerged Company and/ or the Resulting Company;

- 12.2.4 For the avoidance of doubt and without prejudice to the generality of Clause 12.2.3 above and Clause 12.2.5 below, it is clarified that, with respect to the immovable properties forming part of the Demerged Undertaking in the nature of land and buildings, the Demerged Company and the Resulting Company shall register the true copy of the orders of the Tribunal approving the Scheme with the offices of the relevant Sub-registrar of Assurances or similar registering authority having jurisdiction over the location of such immovable property and shall also execute and register, as required, such other documents as may be necessary in this regard. For the avoidance of doubt, it is clarified that any document executed pursuant to this Clause 12.2.4 or Clause 12.2.5 below will be for the limited purpose of meeting regulatory requirements and shall not be deemed to be a document under which the transfer of any property of the Demerged Company takes place and the assets and liabilities forming part of the Demerged Undertaking shall be transferred solely pursuant to and in terms of this Scheme and the order of the Tribunal sanctioning this Scheme;
- 12.2.5 Notwithstanding anything contained in this Scheme, with respect to the immovable properties forming part of the Demerged Undertaking in the nature of land and buildings situated in states other than the state of Maharashtra, whether owned or leased, for the purpose of, *inter alia*, payment of stamp duty and vesting in the Resulting Company, if the Resulting Company so decides, the Demerged Company and the Resulting Company, whether before or after the Effective Date, may execute and register or cause to be executed and registered, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Resulting Company in respect of such immovable properties. Each of the immovable properties, only for the purposes of the payment of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a value determined by the relevant authorities in accordance with the applicable circle rates. The transfer of such immovable properties shall form an integral part of this Scheme; and
- 12.2.6 Upon effectiveness of Part III of the Scheme, all debts, liabilities, loans, obligations and duties of the Demerged Company as on the Appointed Date and relating to the Demerged Undertaking shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company, in compliance with the requirements of Section 2(19AA) of the Income Tax Act, to the extent that they are outstanding as on the Appointed Date and the Resulting Company shall meet, discharge and satisfy the same.
- However, the tax liabilities and tax demands or refunds received or to be received by the Demerged Company for a period prior to the Appointed Date in relation to the Demerged Undertaking shall not be transferred to the Resulting Company.
- 12.2.7 The Demerged Company may, at its sole discretion but without being obliged to, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that any debt, receivable, bill, credit, loan, advance, debenture or deposit, contracts or policies relating to the Demerged Undertaking stands transferred to and vested in the Resulting Company and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes;
- 12.2.8 Unless otherwise agreed to between the Demerged Company and the Resulting Company, the vesting of all the assets of the Demerged Company forming part of the Demerged Undertaking, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets forming part of the Demerged Undertaking of the Demerged Company or part thereof on or over which they are subsisting on and vesting of such assets in the Resulting Company and no such Encumbrances shall extend over or apply to any other asset(s) of Resulting Company. Any reference in any security documents or arrangements (to which Demerged Company is a party) related to any assets of Demerged Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of Resulting Company. Similarly, Resulting Company shall not be required to create any additional security over assets vested under this Scheme for any loans, debentures, deposits or other financial assistance already availed of/ to be availed of by

it, and the Encumbrances in respect of such indebtedness of the Demerged Company shall not extend or be deemed to extend or apply to the assets so vested.

- 12.2.9 In so far as any Encumbrance in respect of Demerged Undertaking Liabilities is concerned, such Encumbrance shall without any further act, instrument or deed being required to be modified and, if so agreed, shall be extended to and shall operate over the assets of the Resulting Company. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business of the Demerged Company are concerned, the Encumbrance, if any, over such assets relating to the Demerged Undertaking Liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which shall continue with the Demerged Company, shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.
- 12.2.10 Taxes, if any, paid or payable by the Demerged Company after the Appointed Date and specifically pertaining to Demerged Undertaking shall be treated as paid or payable by the Resulting Company and the Resulting Company shall be entitled to claim the credit, refund or adjustment for the same as may be applicable.
- 12.2.11 If the Demerged Company is entitled to any unutilized credits (including unutilised credits and unabsorbed depreciation, minimum alternate tax credit), balances or advances, benefits under the incentive schemes and policies including tax holiday or concessions relating to the Demerged Undertaking under any Tax Laws or Applicable Laws, the Resulting Company shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits, as the case may be, without any specific approval or permission.
- 12.2.12 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/ or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme. The Demerged Company and the Resulting Company are expressly permitted to revise and file its income tax returns and other statutory returns, even beyond the due date, if required, including tax deducted/ collected at source returns, service tax returns, excise tax returns, sales tax/ value added tax/ goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax deducted at source, credit of foreign taxes paid/ withheld, etc. if any, as may be required for the purposes of implementation of the Scheme. It is further clarified that the Resulting Company shall be entitled to claim deduction under Section 43B of the Income Tax Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company.
- 12.2.13 Subject to Clause 12 and any other provisions of the Scheme, in respect of any refund, benefit, incentive, grant or subsidy in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper, stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant or subsidy be paid or made good to or held on account of the Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes;
- 12.2.14 On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate such bank accounts of the Demerged Company, in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company. On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the

name of the Demerged Company and are in relation to or in connection with the Demerged Undertaking, shall be accepted by the bankers of the Resulting Company and credited to the account of Resulting Company, if presented by Resulting Company;

12.2.15 Permits, including the benefits attached thereto of the Demerged Company, in relation to the Demerged Undertaking (including but not limited to, Permits bearing Association of Mutual Funds in India Registration Numbers 87977 and 168440), shall be transferred to the Resulting Company from the Appointed Date, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of Resulting Company as if the same were originally given by, issued to or executed in favour of Resulting Company and the Resulting Company shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Demerged Company to carry on the operations of the Demerged Undertaking without any hindrance, whatsoever; and

12.2.16 Contracts in relation to the Demerged Undertaking, where the Demerged Company is a party, shall stand transferred to and vested in the Resulting Company pursuant to the Scheme becoming effective. The absence of any formal amendment which may be required by a third party to effect such transfer and vesting shall not affect the operation of the foregoing sentence. The Demerged Company and Resulting Company shall, wherever necessary, enter into and/ or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause.

12.3 Without prejudice to the provisions of the foregoing sub-clauses of this Clause, the Demerged Company and the Resulting Company may execute any and all instruments or documents and do all the acts, deeds and things as may be required, including executing necessary confirmatory deeds for filing with the trademark registry and Appropriate Authorities, filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to the Scheme. Any procedural requirements required to be fulfilled solely by the Demerged Company or upon the Scheme becoming effective, shall be fulfilled by the Resulting Company as if it were the duly constituted attorney of the Demerged Company. The Resulting Company shall take such actions as may be necessary and permissible to get the assets, Permits and contracts forming part of the Demerged Undertaking transferred and/ or registered in its name.

13. EMPLOYEES

13.1 With effect from the Effective Date, the Resulting Company undertakes to engage, without any interruption in service, all employees of the Demerged Company, engaged in or in relation to the Demerged Undertaking, on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company. The Resulting Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company with any of the aforesaid employees or union representing them. The Resulting Company agrees that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits. The decision on whether or not an employee is part of the Demerged Undertaking, be decided by the Demerged Company, and shall be final and binding on all concerned.

13.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such provident fund, gratuity fund and superannuation funds nominated by the Resulting Company and/ or such new provident fund, gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Resulting Company. Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the said employees would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Demerged Company.

14. LEGAL PROCEEDINGS

- 14.1 With effect from the Effective Date, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands and legal proceedings of whatsoever nature (except proceedings with respect to Income Tax Act) by or against the Demerged Company pending and/or arising on or before the Appointed Date or which may be instituted any time thereafter and in each case relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company with effect from the Appointed Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. Except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings that stand transferred to the Resulting Company. The Resulting Company shall be substituted in place of the Demerged Company or added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall consequently stand nullified. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Demerged Undertaking.
- 14.2 The Resulting Company undertakes to have all legal and other proceedings (except proceedings with respect to Income Tax Act) initiated by or against the Demerged Company referred to in Clause 14.1 above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company on priority. The concerned Parties shall make relevant applications and take all steps as may be required in this regard. It is clarified that all income tax proceedings in relation to the Demerged Undertaking for a period prior to the Appointed Date shall be enforced against the Demerged Company and pertaining to the period after the Appointed Date shall be enforced against the Resulting Company.
- 14.3 Notwithstanding anything contained hereinabove, if at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority (except proceedings with respect to Income Tax Act), in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with the Resulting Company. However, if the Demerged Company is unable to get the Resulting Company replaced in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse to the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

15. CONSIDERATION

- 15.1 Upon effectiveness of Part III of this Scheme and in consideration of and subject to the provisions of this Scheme, the Resulting Company shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Demerged Company whose name is recorded in the register of members and records of the depository as members of the Demerged Company as on the Effective Date, as under:
- 22,155 (Twenty Two Thousand One Hundred Fifty Five) fully paid up equity share of INR 100 (Indian Rupees One hundred only) each of the Resulting Company ("**Resulting Company New Equity Shares**"), credited as fully paid up, for every 1,00,000 (One lakh) equity share of INR 10 (Indian Rupees Ten only) each of the Demerged Company.*
- 15.2 The Resulting Company New Equity Shares shall be subject to the provisions of the memorandum of association and articles of association of Resulting Company, as the case may be, and shall rank *pari passu* in all respects with any existing equity shares of Resulting Company, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares of the Resulting Company.
- 15.3 The issue and allotment of Resulting Company New Equity Shares is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Laws as may be applicable were duly complied with. It is clarified that the approval of the members and

creditors of the Resulting Company and/ or the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of Resulting Company New Equity Shares.

- 15.4 Subject to Applicable Laws, the Resulting Company New Equity Shares that are to be issued in terms of this Scheme shall be issued in dematerialised form. The register of members maintained by the Resulting Company and/ or, other relevant records, whether in physical or electronic form, maintained by the Resulting Company, the relevant depository and registrar and transfer agent in terms of Applicable Laws shall (as deemed necessary by the Board of the Resulting Company) be updated to reflect the issue of Resulting Company New Equity Shares in terms of this Scheme.
- 15.5 For the purpose of the allotment of the Resulting Company New Equity Shares pursuant to this Scheme, in case any shareholder's holding in any of the Demerged Company is such that the shareholder becomes entitled to a fraction of an equity share of the Resulting Company, the Resulting Company shall round the same up to the next integer.
- 15.6 The Resulting Company New Equity Shares to be issued pursuant to this Scheme in respect of any equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Resulting Company.
- 15.7 In the event, the Demerged Company and/ or the Resulting Company restructure their equity share capital by way of share split/ consolidation/ issue of bonus shares during the pendency of the Scheme, the share entitlement ratio, per Clause 15.1 above shall be adjusted accordingly, to consider the effect of any such corporate actions.
- 15.8 The Resulting Company shall, to the extent required, increase its authorized share capital in order to issue Resulting Company New Equity Shares, as per with the applicable provisions of the Act, prior to allotment of Resulting Company New Equity Shares.

16. ACCOUNTING TREATMENT BY THE PARTIES IN RESPECT OF THEIR RESPECTIVE BOOKS OF ACCOUNTS

16.1 Accounting treatment in the books of the Demerged Company:

16.1.1 The Demerged Company shall, upon the Scheme becoming effective, derecognise the assets and liabilities of the Demerged Undertaking vested in the Resulting Company pursuant to this Scheme at their respective book values as on the Appointed Date;

16.1.2 The difference being the excess of the book value of assets over the book value of the liabilities of the Demerged Undertaking and demerged from the Demerged Company pursuant to this Scheme shall be recorded as debit balance in capital reserve of the Demerged Company.

16.2 Accounting treatment in the books of the Resulting Company:

16.2.1 Upon the coming into effect of this Scheme, the Resulting Company shall record the assets and liabilities of the Demerged Undertaking at their respective book values, as on the Appointed Date in the books of the Demerged Company;

16.2.2 The Resulting Company shall credit to its share capital account, the aggregate face value of the Resulting Company New Equity Shares issued by it pursuant to Clause 15.1 of this Scheme;

16.2.3 Inter-company balances and transaction between the Resulting Company and the Demerged Undertaking of the Demerged Company, if any, including inter-company investments will stand cancelled;

16.2.4 The difference between book value of assets and liabilities of the Demerged Undertaking as recorded by the Resulting Company after considering effect of Clause **Error! Reference source not found.** and Clause **Error! Reference source not found.** shall be recorded as capital reserve; and

16.2.5 When the financial statements will be prepared under the Indian Accounting Standards ("**Ind AS**"), as per Ind AS 103, the financial information in the financial statements in

respect of prior periods (prior to the Effective Date) shall be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

17. REDUCTION OF CAPITAL OF THE DEMERGED COMPANY

- 17.1 Immediately after Part III of this Scheme becoming effective and with effect from the Appointed Date, the debit balance in the capital reserve of the Demerged Company (after giving the effect of the accounting treatment as per Clause 16 of this Scheme) would be offset against securities premium of the Demerged Company.
- 17.2 The reduction of securities premium of the Demerged Company shall be in accordance with the provisions of Sections 230 to 232 read with Section 52 of the Act, as the same does not involve either diminution of liability in respect of unpaid share capital of the Demerged Company or payment to any shareholder of any paid up share capital of the Demerged Company and the Tribunal order sanctioning the Scheme shall be deemed to be an order under Sections 230 of the Act confirming such reduction of share capital of the Demerged Company.
- 17.3 Pursuant to Clause 17.1, there is no outflow of/ pay-out of funds from the Demerged Company and hence, the interest of the shareholders/ creditors is not adversely affected.

PART IV GENERAL TERMS & CONDITIONS

18. REMAINING BUSINESSES

- 18.1 The Remaining Business of the Demerged Company shall continue to belong to and be owned and managed by the Demerged Company. The Demerged Company shall continue to be liable to perform and discharge all its liabilities and obligations in relation to the Remaining Business of the Demerged Company and the Resulting Company shall not have any liability or obligation in relation to the Remaining Business of the Demerged Company.
- 18.2 If the Resulting Company is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Remaining Business of the Demerged Company, the Resulting Company shall take all such steps in the proceedings before the Appropriate Authority to substitute the Resulting Company with the Demerged Company. However, if the Resulting Company is unable to get the Demerged Company so substituted in such proceedings, it shall defend the same or deal with such demand in accordance with the advice of the Demerged Company and at the cost of the Demerged Company and the latter shall reimburse the Resulting Company, against all liabilities and obligations incurred by or against Resulting Company, in respect thereof.

19. VALIDITY OF EXISTING RESOLUTIONS, ETC.

- 19.1 Upon the coming into effect of this Scheme, the resolutions/ power of attorney of/ executed by IWCML and/ or IWPL in relation to the Demerged Undertaking, as the case may be, as considered necessary by the Board of the IWCML and/ or IWPL in relation to the Demerged Undertaking, as the case may be, and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by IWDSL and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then said limits as are considered necessary by the Board of the IWCML and/ or IWPL, as the case may be, shall be added to the limits, if any, under like resolutions passed by the IWPL and/ or IWDSL, as the case may be, and shall constitute the aggregate of the said limits in IWPL and/ or IWDSL, as the case may be.

20. BUSINESS UNTIL EFFECTIVE DATE

- 20.1 With effect from the Appointed Date and up to and including the Effective Date:
- 20.1.1 IWCML and IWPL (with respect to the Demerged Undertaking) shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets for and on account of, and in trust for IWPL or IWDSL, as the case may be;

- 20.1.2 all profits or income arising or accruing to IWCML and IWPL (with respect to the Demerged Undertaking) and all Taxes paid thereon (including but not limited to advance tax, tax deducted or collected at source, minimum alternate tax, dividend distribution tax, securities transaction tax, taxes withheld/ paid in a foreign country, etc.) or losses arising or incurred by IWCML and IWPL (with respect to the Demerged Undertaking) shall, for all purposes, be treated as and deemed to be the profits or income, Taxes or losses, as the case may be, of IWPL or IWDSL, as the case may be;
- 20.1.3 all loans raised and all liabilities and obligations incurred by IWCML and IWPL (with respect to the Demerged Undertaking) after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of IWPL or IWDSL, as the case may be, and to the extent they are outstanding on the Effective Date, shall also, without any further act or deed be and be deemed to become the debts, liabilities, duties and obligations of IWPL or IWDSL, as the case may be.
- 20.2 IWCML and IWPL (with respect to the Demerged Undertaking) shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as necessary under Applicable Law for such consents, approvals and sanctions which IWPL or IWDSL, as the case may be, may require to carry on the relevant business of IWCML and/ or IWPL, as the case may be and to give effect to the Scheme.
- 20.3 For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, IWPL or IWDSL, as the case may be, shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the amalgamation of IWCML and demerger of the Demerged Undertaking, in accordance with the provisions of Sections 230 to 232 of the Act. IWPL and/ or IWDSL, as the case may be, shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc, as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Section 232 of the Act in respect of this Scheme, IWPL and/ or IWDSL, as the case may be, shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all immovable properties, including mutation and/ or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of IWPL and/ or IWDSL, as the case may be, pursuant to the sanction of the Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by IWPL and/ or IWDSL, as the case may be. It is clarified that IWPL and/ or IWDSL, as the case may be, shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/ or substitution.

21. PROPERTY IN TRUST

- 21.1 Notwithstanding anything contained in this Scheme, on or after Effective Date, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom pertaining to the Demerged Undertaking are transferred, vested, recorded, effected and/ or perfected, in the records of any Appropriate Authority, regulatory bodies, any third party, or otherwise, in favour of IWDSL, respectively, such company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authorities and till such time as may be mutually agreed by IWDSL, IWPL will continue to hold the property and/ or the asset, license, permission, approval, contract or agreement and rights and benefits arising therefrom, as the case may be, in trust for and on behalf of, IWDSL.

22. FACILITATION PROVISIONS

- 22.1 It is clarified that approval of the Scheme by the respective shareholders of the Parties under Sections 230 to 232 of the Act shall be deemed to have their approval under Section 188 and

other applicable provisions of the Act and that no separate approval of the of the Board or audit committee or shareholders shall be required to be sought by any of the Party.

23. APPLICATIONS/ PETITIONS TO THE TRIBUNAL

23.1 The Parties shall make and file all applications and petitions under sections 230 to 232 and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme under the provisions of the Act.

24. MODIFICATION OR AMENDMENTS TO THIS SCHEME

24.1 The Board of the Parties may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. The Board of the Parties may consent to any conditions or limitations that the Tribunal or any other Appropriate Authority may impose.

24.2 For the purposes of giving effect to this Scheme, the Board of the Parties may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding on all Parties as if the same were specifically incorporated in this Scheme.

25. CONDITIONS PRECEDENT

25.1 Unless otherwise decided (or waived) by Parties, the Scheme is conditional upon and subject to the following conditions precedent:

25.1.1 approval of the Scheme by the requisite majority of each class of shareholders and such other classes of Persons of the Parties, if any, as applicable or as may be required under the Act and as may be directed by the Tribunal;

25.1.2 the sanctions and orders of the Tribunal, under Sections 230 to 232 of the Act being obtained by the Parties;

25.1.3 certified/ authenticated copies of the orders of the Tribunal, sanctioning the Scheme, being filed with the RoC having jurisdiction over the Parties; and

25.1.4 The requisite consent, approval or permission of Appropriate Authority or any other Person which by Applicable Law or contract, agreement may be necessary for the implementation of this Scheme.

25.2 Without prejudice to Clause 25.1 and subject to the satisfaction or waiver of the conditions mentioned in Clause 25.1 above, the entire Scheme shall be made effective simultaneously, subject to Part II of the Scheme is made effective prior to Part III of the Scheme.

25.3 It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, title, or defences that Parties may have under or pursuant to all Applicable Laws.

25.4 On the approval of this Scheme by the shareholders of the Parties and such other classes of Persons of the Parties, if any, pursuant to Clause 25.1.1, such shareholders and classes of Persons shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the Scheme.

26. WITHDRAWAL OF THIS SCHEME, NON-RECEIPT OF APPROVALS AND SEVERABILITY

26.1 Parties, acting jointly, shall be at liberty to withdraw the Scheme, any time before the Scheme is effective.

26.2 In the event of withdrawal of the Scheme under Clause 26.1 above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Parties or their respective shareholders or creditors or employees or any other Person.

26.3 In the event of any of the requisite sanctions and approvals not being obtained on or before such date as may be agreed to by the Parties, this Scheme or relevant part(s) of this Scheme shall become null and void and each Party shall bear and pay its respective costs, charges and expenses for and/ or in connection with this Scheme.

- 26.4 In the event of revocation/ withdrawal of the Scheme under Clause 26.1 or Clause 26.2 above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Parties or their respective shareholders or creditors or employees or any other Person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.
- 26.5 Further, it is the intention of the Parties that each part shall be severable from the remainder of this Scheme and the Scheme shall not be affected if any part of this Scheme is found to be unworkable for any reason whatsoever unless the deletion of such part shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in this Scheme or cause such part to be null and void, including but not limited to such part.

27. COSTS AND EXPENSES

- 27.1 Except as provided otherwise, all costs, charges and expenses (including, but not limited to, any taxes and duties, registration charges, etc.) in relation to carrying out, implementing and completing the terms and provisions of Part II and Part III of this Scheme and/ or incidental to the completion of such parts of the Scheme shall be borne and paid by IWPL. Provided that IWDSL shall bear stamp duty payable on allotment of its shares pursuant to Part III of this Scheme.

28. SAVING OF CONCLUDED TRANSACTIONS

- 28.1 Nothing in this Scheme shall affect any transaction or proceedings already concluded or liabilities incurred by IWCML and IWPL (with respect to the Demerged Undertaking), as the case may be, until the Appointed Date, to the end and intent that IWPL and IWDSL, respectively, shall accept and adopt all acts, deeds and things done and executed by IWCML and/ or IWPL (with respect to the Demerged Undertaking) in respect thereto as done and executed on behalf of IWPL and/ or IWDSL respectively.