

SCHEME OF ARRANGEMENT

**UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT,
1956**

BETWEEN

RELIANCE CAPITAL LIMITED

AND

RELIANCE GILTS LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

A. Purpose of the Scheme

This Scheme provides for demerger and vesting of the Transferred Undertaking (as defined hereinafter) of Reliance Capital Limited ("RCap" or "the Transferor Company") into Reliance Gilts Limited ("RGL" or "the Transferee Company") pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 upon their notification (including any statutory modifications(s) or re-enactment(s) thereof), for the time being in force.



B. Background of the Companies

1. RCap is a Systemically Important Non-deposit Taking Non Banking Financial Company ("NBFC-ND-SI") registered with the Reserve Bank of India ("RBI"). It is listed on both the BSE Limited and the National Stock Exchange of India Limited. RCap has interests in asset management and mutual funds, life and general insurance, commercial and home finance, stock broking, wealth management services, distribution of financial products, asset reconstruction, proprietary investments and other activities in financial services. The registered office of RCap is situated at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koparkhairne, Navi Mumbai 400 710.
2. RGL is a wholly owned subsidiary of RCap. RGL is a Non Banking Financial Company ("NBFC") registered with RBI. The registered office of RGL is situated at Reliance Centre, 19, Walchand Hirachand Marg, Mumbai 400 001.

C. Rationale for the Scheme

All operating businesses of the Transferor Company, except the Commercial Finance business, are held in its wholly or majority owned subsidiaries. Accordingly, to align the overall operating structure, it is proposed to transfer the Transferred Undertaking of the Transferor Company into a Wholly Owned Subsidiary. This will also facilitate the treatment of the Transferor Company as a Core Investment Company ("CIC") in terms of applicable RBI regulations.

This Scheme also makes provision for various other matters consequential or related thereto and otherwise integrally connected therewith.



D. Parts of the Scheme

This Scheme is divided into the following parts:

- (i) **Part I** deals with the definitions of terms used in this Scheme and share capital of the Transferor Company and Transferee Company;
- (ii) **Part II** deals with demerger and vesting of the Transferred Undertaking; and
- (iii) **Part III** deals with the other general terms and conditions.

PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

- 1.1 **“Act” or “the Act”** means the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 upon their notification (including any statutory modifications(s) or re-enactment(s) thereof), for the time being in force;
- 1.2 **“Appointed Date”** means April 1, 2016 or such other date as may be approved by the Hon’ble High Court of Judicature at Bombay;
- 1.3 **“Board of Directors”** means the Board of Directors of the Transferor Company or the Transferee Company or both as the context may require and includes a committee duly constituted by the Board of Directors and authorised thereby for the purpose



on matters pertaining to the Scheme and/or any other consequential or incidental matter in relation thereto;

- 1.4 **“Capital Reserve”** means a reserve arising in the books of the Transferee Company pursuant to the Scheme and will not constitute a reserve created by the Transferee Company and will be a free reserve available for all the purposes including issue of bonus shares;
- 1.5 **“CF Business Liabilities”** means all present and future liabilities (including contingent liabilities), etc. relating to the Transferred Undertaking and includes debts, liabilities or obligations incurred by the Transferor Company which directly or indirectly are attributable to, or utilised for, or relating to, the Transferred Undertaking determined on the basis as if all financial assets and other assets of the Transferred Undertaking were directly or indirectly funded out of, or funded by utilising, funds borrowed by the Transferor Company;
- 1.6 **“Court” or “High Court”** means the High Court of Judicature at Bombay and/ or the National Company Law Tribunal, as the case may be, under the relevant provisions of the Act at the relevant point in time;
- 1.7 **“Effective Date”** means the last of the date on which the certified copies of the Orders of High Court of Judicature at Bombay under Sections 391 to 394 of the Act or corresponding authority as per provisions of the Companies Act, 2013, sanctioning the Scheme is filed with the Registrar of Companies, Maharashtra at Mumbai by the Transferor Company and the Transferee Company. References in this Scheme to the words **“coming into effect of this Scheme”** or **“effectiveness of this Scheme”** shall mean the Effective Date;
- 1.8 **“RCap” or “the Transferor Company”** means Reliance Capital Limited a public listed company incorporated under the provisions of the Companies Act, 1956 under the corporate



identity number L65910MH1986PLC165645, and registered with the RBI as a NBFC-ND-SI and whose registered office is situated at H Block, 1stFloor, Dhirubhai Ambani Knowledge City, Koparkhairne, Navi Mumbai 400 710;

- 1.9 **“RGL” or “the Transferee Company”** means Reliance Gilts Limited, a public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U66010MH2000PLC128301, and registered as a NBFC with the RBI and whose registered office is situated at Reliance Centre, 19, Walchand Hirachand Marg, Mumbai 400 001;
- 1.10 **“Remaining Business”** means all the businesses, divisions, assets including immovable properties and assets given on lease, owned by the Transferor Company and liabilities of RCap other than the Transferred Undertaking as defined in Clause 1.13 of this Scheme;
- 1.11 **“Scheme” or “Scheme of Arrangement”** means this Scheme of Arrangement in its present form including any modification(s) or amendment(s) hereto;
- 1.12 **“Stock Exchanges”** shall mean the BSE Limited and the National Stock Exchange of India Limited where the equity shares of RCap are listed;
- 1.13 **“Transferred Undertaking” or “CF Business”** means the Commercial Finance Business undertaking of the Transferor Company on a going concern basis, comprising, *inter alia*, of all the properties, assets, liabilities, permits, licences, registrations, approvals, contracts, and employees which are relatable to the Transferred Undertaking which shall include:
- (a) All the assets and movable properties wherever situated whether tangible or intangible, absolute, accrued, fixed or otherwise including property, loans, securities, post dated cheques, ECS mandate, direct debit mandate, collection / escrow mechanism or other such payment mechanism,



accounts and notes receivable, plant and machinery, equipment, stocks and inventory, machinery, vehicles, offices, investments, interest, capital, work-in-progress, furniture, fixtures, office equipment, appliances, computers (software as well as hardware), accessories, licenses, approvals, registrations, right to use all branches along with all the assets used therein, incentives (if any), rights as licensee or lessee, municipal permissions, regulatory permissions, consents, or powers of every kind, nature and description whatsoever in connection with operating or relatable to the CF Business and all other permissions, rights (including rights under any contracts, memoranda of understanding, etc.), entitlements, copyrights, patents, trademarks, trade names, domain names and other industrial designs, trade secrets, or intellectual property rights of any nature and all other interest exclusively relating to the services being dealt with by the Transferred Undertaking, and all deposits, advances and or moneys paid or received by the Transferred Undertaking, all statutory licenses and/ or permissions to carry on the operations of the Transferred Undertaking and any financial assets, benefits of any corporate guarantees issued by the Transferor Company in relation to and for the benefit of the Transferred Undertaking and the benefits of any bank guarantees issued in relation to and for the benefit of the Transferred Undertaking, deferred tax benefits, privileges, exemptions, and approvals of whatsoever nature (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, minimum alternate tax credit, benefits under the value added tax, benefits of any unutilised CENVAT/service tax credits, etc.) all other claims, rights and benefits, power and facilities of every kind, nature and description whatsoever, rights to use and



avail of telephones, telexes, facsimile connections, email connection, other communication facilities connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Transferred Undertaking together with CF Business Liabilities. Provided however, the assets shall not include the immovable properties owned by the Transferor Company;

- (b) All rights and obligations of the Transferor Company under the customer contracts, loan agreements, the receivables and non-performing assets, along with the unamortized subventions received, and unamortized cost of acquisition relating to the receivables and non-performing assets, under the customer contracts and the rights and interest of the Transferee Company to the security and / or collateral provided in relation to the customer contracts. It is clarified that for the purpose of determining the tenure of customer contracts / receivables, the original date of the contract will be the relevant date for the purposes of all relevant regulations;
- (c) All the rights and obligations under the contracts/ agreements including but not limited to service provider contracts, preferred financing contracts, connector agreements, revenue sharing agreements, leave and license agreements, direct selling agent agreements, non disclosure agreements, memorandum of understandings, expression of interest letters, vendor agreements, master service agreements, mandate agreements, agreements executed with legal and technical vendors/ valuers, framework agreements, collaboration agreements, lease agreements, master license agreements, annual maintenance contracts, supply agreements, retainership agreements, purchase



orders, work orders, rate contracts, business centre agreements, license usage agreements, digital marketing agreements, project marketing agreements, total cost of service agreements, software licensing agreements, introduction agreements, mutual confidential disclosure agreements, sourcing agreements, master lease agreements, escrow agreements, trust retention account agreements, operating lease agreements/contracts, agreement to provide the facility attendants, collection agency agreements, stock yard contracts, online auction agreements, relationship referral agreements, repossession agreements all the rights and obligations with respect to credit enhancement obligations together with corresponding collateral and interest and surplus received or receivable to meet credit enhancement obligations and all the rights and obligations with respect to collection and payout obligations;

- (d) Without prejudice to the generality of the clause (a) above, the Transferred Undertaking shall also include all CF Business Liabilities;
- (e) All deposits and balances with government, semi-government, local and other authorities and bodies, customers and other persons, all entitlements to tax and other credits, set offs, carry forward balances including, in particular, entitlement to credit pertaining to taxes paid u/s. 115JB of the Income tax Act. investments (if any) pertaining to the Transferred Undertaking, including securitised assets, earnest moneys and/ or security deposits paid or received by the Transferor Company directly or indirectly in connection with or relating to the CF Business and where the amount of any entitlement, credit set off or carry forward balance relating directly or indirectly to the CF Business cannot be separately identified, the same shall



be deemed to be the proportion of such entitlement, credit, set off or carry forward balance as the proportion of the book value of the assets of the Transferred Undertaking to the total assets of the Transferor Company at the close of the day preceding the Appointed Date;

- (f) All necessary records, files, papers, technical and process information, all product and service pricing, costing, commercial and business related information, computer program, drawings and designs, procedure and other manuals, training materials, prospect lists, data, catalogues, quotations, sales and advertising materials, financing and serving related forms, lists and all details of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form in connection with or relating to the Transferred Undertaking;
- (g) Extension of insurance covers and/or benefits under the existing insurance policies providing insurance cover pertaining to the Transferred Undertaking;
- (h) All permanent and/ or temporary employees, workmen, staff, contract staff or labourers of the Transferor Company engaged in directly or exclusively for the CF Business and those permanent and/ or temporary employees that are determined by the board of directors of the Transferor Company to be engaged in or relatable to the CF Business.

It is clarified that the Transferred Undertaking does not include the assets (including the immovable properties owned by the Transferor Company), liabilities and obligations forming part of the Remaining Business. In case, if any assets or liabilities or contracts or any other instrument of the Transferred Undertaking cannot be transferred to the Transferee Company for any reasons whatsoever, the Transferor Company shall continue to hold



those assets or liabilities or contracts or any other instrument on trust for the benefit of the Transferee Company in so far as it is permissible so to do, till such time as the transfer is effected.

Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Transferred Undertaking or whether it arises out of the activities or operations of the Transferred Undertaking shall be decided by mutual agreement between the Board of Directors of the Transferor Company and the Transferee Company or committee(s) thereof authorized by the respective Board of Directors.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification(s) or re-enactment(s) thereof from time to time.

2. SHARE CAPITAL

2.1 The share capital structure of the Transferor Company as on December 31, 2015 is as follows:

Authorised Capital	Amount in INR (crore)
30,00,00,000 equity shares of Rs. 10 each	300.00
10,00,00,000 preference shares of Rs. 10 each	100.00
Total	400.00
Issued and Subscribed	
25,39,77,006 equity shares of Rs. 10 each	253.97
Total	253.97



Paid-Up Capital	
25,26,32,800 equity shares of Rs. 10 each	252.63
Add: Forfeited shares	0.52
Total	253.15

The equity shares of the Transferor Company are listed on the Stock Exchanges. Subsequent to December 31, 2015, there is no change in authorized, issued, subscribed and paid-up equity share capital of the Transferor Company.

- 2.2 The share capital structure of the Transferee Company as on December 31, 2015 is as follows:

Authorised Capital	Amount in INR (crore)
20,00,00,000 equity shares of Rs. 10 each	200.00
Total	200.00
Issued, Subscribed and Paid-up Capital	
1,23,00,700 equity shares of Rs. 10 each	12.30
Total	12.30

The equity shares of the Transferee Company are not listed. Subsequent to December 31, 2015, the issued, subscribed and paid-up equity share capital of the Transferee Company has changed pursuant to issue of additional shares. The revised capital structure is as under:

Authorised Capital	Amount in INR (crore)
20,00,00,000 equity shares of Rs. 10 each	200.00
Total	200.00

Issued, Subscribed and Paid-up Capital	
5,00,00,000 equity shares of Rs. 10 each	50.00
Total	50.00

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

This Scheme set out herein along with the modification(s) proposed, if any, by the High Court / appropriate authority, shall be effective from the Appointed Date but shall be operative from the Effective Date.

PART II

4. DEMERGER AND VESTING OF THE TRANSFERRED UNDERTAKING

- 4.1 Upon the coming into effect of this Scheme and with effect from the opening hours of the Appointed Date and subject to the provisions of this Scheme, the Transferred Undertaking shall, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and other relevant provisions of the Act, without any further act, instrument or deed, be transferred to and vest in, or be deemed to be transferred to and vested in the Transferee Company, as a going concern, so as to vest in the Transferee Company all the rights, liabilities, properties, title and interest of the Transferee Company therein subject to all subsisting charges, liens, pledges, mortgages, if any, then affecting the same or part thereof.
- 4.2 In so far as the assets of the Transferred Undertaking are concerned, the security, existing charges, mortgages and encumbrances in respect of any of the assets or any part thereof, in relation to any loans or borrowings of the Remaining Business of the Transferor Company shall, without any further



act, instrument or deed, be released and stand discharged from the same.

- 4.3 In so far as the assets of the Remaining Business of the Transferor Company are concerned, the security over such assets, to the extent they relate to the Transferred Undertaking shall, without any further act, instrument or deed be released and discharged from such security that relate to the Transferred Undertaking. Without prejudice to the foregoing and with effect from the Effective Date, the Transferor Company and the Transferee Company shall execute any instruments or documents and do all the acts and deeds as may be required, including the filing of necessary particulars and/ or modification(s) of charge, with the Registrar of Companies, Mumbai, to give formal effect to these provisions, if required.
- 4.4 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, in accordance with the provisions of relevant laws and the Act, all the consents, permissions, licenses, certificates, authorities (including for the operation of bank accounts), powers of attorneys given by, issued to or executed in favour of the Transferor Company, and the rights and benefits under the same shall, insofar as they relate to the Transferred Undertaking and all quality certifications and approvals, trademarks, patents and domain names, copyrights, industrial designs, trade secrets, product registrations and other intellectual property and all other interests relating to the goods, services or any other assets being directly and exclusively dealt with by the Transferred Undertaking, be transferred to and vested in the Transferee Company. In respect of all the movable assets of the Transferor Company and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, including cash on hand, shall be so transferred to the Transferee Company and deemed to have been physically handed over by



physical delivery or by endorsement and delivery, as the case may be, to the Transferee Company to the end and intent that the property and benefit therein passes to the Transferee Company with effect from the Appointed Date. Such delivery and transfer shall be made on a date mutually agreed upon between the respective Board of Directors of the Transferor Company and the Transferee Company. In respect of any intangible moveable assets of the Transferor Company other than those mentioned in hereinabove, including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, the Transferor Company shall if so required by the Transferee Company, and the Transferee Company may, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the High Court having sanctioned this Scheme between the Transferor Company and the Transferee Company under Section 394 of the Act, the relevant debt, loan, advance or other asset, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company to recover or realize the same stands transferred to the Transferee Company and that appropriate entries shall be passed in their respective books to record the aforesaid changes.

- 4.5 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the various incentives, service tax benefits, subsidies (including applications for subsidies), grants, special status and other benefits or privileges enjoyed, granted by any governmental body, local authority or by any other person, or availed of by the Transferor Company are concerned, the same shall, without any further act or deed, in so far as they relate to the Transferred Undertaking, vest with and be available to the Transferee Company on the same terms and conditions.



- 4.6 All the CF Liabilities of the Transferor Company as on the Appointed Date shall also stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company on a going concern basis, without any further act or deed pursuant to Section 394 (2) of the Act, so as to become the liabilities, debts, duties and obligations, dues, loans and responsibilities of the Transferee Company on the same terms and conditions as was applicable to the Transferor Company.
- 4.7 It is hereby clarified that the rest of the assets (including the immovable properties owned by the Transferor Company) and liabilities (other than those forming part of the Transferred Undertaking or otherwise specified in this Scheme) of the Transferor Company shall continue in the Transferor Company.
- 4.8 All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company pertaining to the Transferred Undertaking 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. Similarly, the banker of the Transferee Company shall honour all cheques issued by the Transferor Company pertaining to the Transferred Undertaking for payment after the Effective Date. If required, the Transferor Company shall allow maintaining of bank accounts in its name by the Transferee Company for such time as may be determined to be necessary by the Transferor Company and the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Company in connection with the business of Transferred Undertaking.
- 4.9 It is clarified that if any assets, (claims, rights, title, interest in, or authorities relating to such assets) or liabilities or any contract, deeds, bonds, agreements, schemes, arrangements or



other instruments of whatsoever in relation to Transferred Undertaking which the Transferor Company owns or to which the Transferor Company is a party and which cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such assets or contract, deeds, bonds, liabilities, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the Transferee Company to which the Transferred Undertaking is being transferred in terms of this Scheme, in so far as it is permissible so to do, till such time as the transfer is effected. It is further clarified that, with respect to such assets, liabilities or agreements of whatsoever in relation to the Transferred Undertaking, the Transferor Company shall carry on and deemed to have carried on its business and activities and shall stand possessed of such assets, liabilities or agreements in trust for the Transferee Company and shall account for the same to the Transferee Company. All income and expenditure accruing on account of the above after the Appointed Date will be for and on account of the Transferee Company.

5. CONSIDERATION

The Transferee Company is a wholly owned subsidiary of the Transferor Company. The Scheme is intended to transfer the Transferred Undertaking to the wholly owned subsidiary and does not involve any movement of assets or liabilities to any company outside the group. Hence, the Transferee Company is not required to pay or provide for any consideration and therefore Transferee Company is not issuing any shares or paying any consideration, directly or indirectly, to either the Transferor Company or to its shareholders.



6. ACCOUNTING TREATMENT

6.1 Accounting treatment in the books of the Transferor Company:

6.1.1 The Transferor Company shall, upon the Scheme becoming effective, reduce the assets and liabilities of the Transferred Undertaking vested in the Transferee Company pursuant to this Scheme at their respective book values as appearing on the close of business day immediately preceding the Appointed Date.

6.1.2 The difference between book value of assets and the book value of liabilities of the Transferred Undertaking and demerged from the Transferor Company pursuant to this Scheme shall be recognised as profit or loss in the books of the Transferor Company.

6.2 In the books of the Transferee Company:

6.2.1 Upon the coming into effect of this Scheme, the Transferee Company shall record the assets and liabilities of the Transferred Undertaking at their respective book values as on the Appointed Date.

6.2.2 The difference between value of assets and liabilities of the Transferred Undertaking as recorded by the Transferee Company shall be deemed to comprise and be recorded, in case of excess as its Capital Reserve or in case of deficit as Goodwill. Such reserve will be a reserve arising pursuant to the Scheme and will not constitute a reserve created by the Transferee Company.

6.2.3 If considered appropriate for the purpose of application of uniform accounting methods and policies between the Transferred Undertaking of the Transferor Company and the Transferee Company, the Transferee Company may make suitable adjustments and reflect the effect thereof in



its Capital Reserve / General Reserve. It is clarified that the reserves arising pursuant to the Scheme shall for all regulatory and accounting purposes be considered to be part of the owned funds / net worth of the Transferee Company.

7. CARRYING ON THE BUSINESS OF THE TRANSFERRED UNDERTAKING UNTIL THE EFFECTIVE DATE

- 7.1 With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Transferred Undertaking for and on account of and in trust for the Transferee Company.
- 7.2 All profits accruing to the Transferor Company or losses including tax losses, arising or incurred by the Transferor Company in relation to the Transferred Undertaking for the period commencing from the Appointed Date to the Effective Date shall, for all purposes, be treated as profit or loss, as the case may be, of the Transferee Company.
- 7.3 All assets acquired by the Transferor Company after the Appointed Date and prior to the Effective Date for operation of the Transferred Undertaking or pertaining to the Transferred Undertaking shall be deemed to have been acquired in trust for and on behalf of the Transferee Company, and shall also stand transferred to and vested in the Transferee Company upon the coming into effect of this Scheme.
- 7.4 Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date deemed to be transferred to the Transferee Company have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on



account of the Transferee Company, and all loans raised and used and all liabilities and obligations incurred by the Transferor Company for the operations of the Transferred Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company, and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Transferee Company and shall become the liabilities and obligations of the Transferee Company, which shall be liable to meet, discharge and satisfy the same.

- 7.5 The Transferor Company hereby confirms that it shall continue, from the date of the filing of the Scheme and up to the Effective Date, to preserve and carry on the Transferred Undertaking with due diligence and prudence.

8. LEGAL PROCEEDINGS

- 8.1 With effect from the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) ("**Proceedings**") by or against the Transferor Company under any statute, whether pending on the Appointed Date, relating to the Transferred Undertaking, shall be continued and enforced by or against the Transferee Company after the Effective Date, to the extent legally permissible. To the extent such Proceedings cannot be taken over by the Transferee Company, the Proceedings shall be pursued by the Transferor Company as per the instructions of and entirely at the costs and expenses of the Transferee Company. In the event that such liability is incurred or such claim or demand is made upon the Transferor Company pertaining to the Transferred Undertaking (or any successor thereof), then the Transferee Company shall reimburse and



indemnify the Transferor Company (or any successor thereof) for any payments made in relation to the same.

- 8.2 Any Proceedings by or against the Transferor Company under any statute, whether pending on the Appointed Date, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Transferor Company in respect of the Remaining Business) shall be continued and enforced by or against the Transferor Company. The Transferee Company shall in no event be responsible or liable for or in relation to any such Proceeding by or against the Transferor Company.

9. CONTRACTS, LICENSES, APPROVALS AND PERMITS

- 9.1 With effect from the Appointed Date on coming into effect on the Effective Date and subject to the provisions of this Scheme, all licenses, approvals or permits, whether governmental or otherwise, contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Transferred Undertaking 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 having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour of, as the case may be, vest in 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.
- 9.2 Without prejudice to the other provisions of this Scheme and notwithstanding that the vesting of the Transferred Undertaking with the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the



coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement, to which the Transferor Company is a party, or any writings as may be necessary, to be executed merely in order to give formal effect to the above provisions. The Transferor Company shall, if necessary, also be a party to the above. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

- 9.3 Any statutory and other licenses, registrations, permissions, approvals or consents to carry on the operations whether issued by statutory and other authorities of the Transferor Company shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory and other authorities concerned in favour of the Transferee Company upon the Scheme becoming effective. The benefit of all such statutory and regulatory permissions, and consents, shall vest in and become available to the Transferee Company pursuant to this Scheme. Since each of the statutory and other licenses, registrations, permissions, approvals or consents shall stand transferred by the order of the High Court to the Transferee Company, the Transferee Company shall file the relevant intimations for the record of the statutory and other authorities who shall take them on file pursuant to the vesting orders of the High Court.
- 9.4 It is hereby clarified that if any licenses, approvals, permits, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Transferred Undertaking to which the Transferor Company is a



party to, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company.

- 9.5 Any and all transactions between the Transferor Company and the Transferee Company between the Appointed Date and Effective Date which have the effect of being consummated only upon the Scheme coming into effect, shall accrue with effect from the Effective Date and any and all compliances with respect to such transactions shall be applicable from the Effective Date.

10. EMPLOYEES

- 10.1 All the employees of the Transferor Company who are exclusively part of the Transferred Undertaking shall stand transferred to the Transferee Company on terms and conditions which shall not be less favourable than the terms and conditions of employment offered by the Transferor Company and existing till the Appointed Date (including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and/ or any other retirement benefits) without any interruption in service as a result of transfer of the Transferred Undertaking of the Transferor Company to the Transferee Company.
- 10.2 The Transferee Company agrees that the services of all such employees (as mentioned in Clause 10.1 above) with the Transferor Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive



plans, terminal benefits, gratuity fund plans, provident fund plans, superannuation fund plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Transferor Company who were part of the Transferred Undertaking.

- 10.3 The existing provident fund, superannuation and gratuity fund, incentives, if any, of which the aforesaid employees of the Transferor Company who are part of the Transferred Undertaking (being transferred under Clause 4 above to the Transferee Company), are members or beneficiaries, along with all accumulated contributions therein till the Effective Date, shall, with the approval of the concerned authorities, be transferred to and continued without any break, to be administered by the Transferee Company for the benefit of such employees on the same terms and conditions. All benefits and schemes being provided to the transferred employees will be treated as having been continuous and uninterrupted for the purpose of the aforesaid schemes. Accordingly, the provident fund, superannuation fund and gratuity fund dues, if any, of the said employees of the Transferor Company, would be continued to be deposited in the transferred provident fund, superannuation fund and gratuity fund account by the Transferee Company. In case necessary approvals are not received by the Effective Date and there is delay, all such amounts shall continue to be administered by the Transferor Company as a trustee from the Effective Date till the date of actual transfer and on receiving the approvals, all the accumulated amounts till such date, shall be transferred to the respective funds of the Transferee Company in accordance with the approvals that have been obtained.



11. SAVINGS OF CONCLUDED TRANSACTIONS

The demerger and vesting of the assets, liabilities and obligations of the Transferred Undertaking as per this Scheme, and the continuance of the proceedings by or against the Transferee Company under Clause 8 hereof shall not affect any transaction or proceedings already completed by the Transferred Undertaking on or after the Appointed Date but before the Effective Date, to the end and intent that the Transferee Company accepts all acts, deeds and things done and executed by and/ or on behalf of the Transferor Company as acts, deeds and things done and executed by and on behalf of the Transferee Company.

12. DIVIDEND

- 12.1 The Transferor Company and the Transferee Company shall be entitled to declare and pay dividend, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.
- 12.2 It is clarified that the aforesaid provisions in respect of declaration of dividend are enabling provisions only and shall not be deemed to confer any right on Transferor Company to demand or claim any dividend which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of the Transferee Company, subject to such approval of the shareholders, as may be required.

13. TREATMENT OF TAXES

- 13.1 All taxes (including income tax, sales tax, service tax, etc.) paid or payable by the Transferor Company, in respect of the operations and/ or the profits of the Transferred Undertaking before the Appointed Date, shall be on account of the Transferor

Company, and insofar as it relates to the tax payment (including, without limitation, sales tax, income tax, service tax etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the Transferred Undertaking after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly.

- 13.2 Without prejudice to the generality of the foregoing on and from the Appointed Date, if any certificate for tax deducted at source or any other tax credit certificate relating to the Transferred Undertaking is received in the name of the Transferor Company, it shall be deemed to have been received by the Transferee Company which alone shall be entitled to claim credit for such tax deducted or paid.
- 13.3 Upon the coming into effect of this Scheme, the Transferor Company and the Transferee Company are expressly permitted to revise their respective tax returns and related withholding tax certificates, including withholding tax certificates relating to transactions between the Transferor Company and the Transferee Company, to the extent required and to claim refunds, advance tax and withholding tax credits, and benefit of credit for minimum alternate tax, or any other tax related compliances or filings of forms.
- 13.4 The service tax paid by the Transferor Company under the Finance Act, 1994 in respect of services provided by the Transferred Undertaking for the period commencing from the Appointed Date shall be deemed to be the service tax paid by the Transferee Company, and credit for such service tax shall be allowed to the Transferee Company notwithstanding that challans for service tax payments are in the name of the Transferor Company and not in the name of the Transferee Company.



PART III

GENERAL TERMS & CONDITIONS

14. APPLICATION TO HIGH COURT

The Transferor Company and the Transferee Company shall as may be required make applications and/or petitions under Sections 391 to 394 of the Act and other applicable provisions of the Act to the High Court of Judicature at Bombay for sanction of this Scheme and all matters ancillary or incidental thereto.

15. MODIFICATIONS OR AMENDMENTS TO THE SCHEME

15.1 The Transferor Company and the Transferee Company by their respective Board of Directors may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors) subject to the approval of the Hon'ble High Court of Judicature at Bombay or any other authorities under applicable law. The Transferor Company and the Transferee Company by their respective Board of Directors be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

15.2 In the event any of the conditions that may be imposed by the Court, while sanctioning the Scheme, which the Board of Directors of the Transferor Company and the Transferee Company may find unacceptable for any reason, then the



Transferor Company and Transferee Company are at liberty to withdraw from the Scheme.

16. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 16.1 The requisite consents, approvals or permissions of any governmental or regulatory authority, which by law may be necessary for the implementation of this Scheme.
- 16.2 The Scheme being approved by the requisite majorities in number and value of the members and / or creditors of the Transferor Company and the Transferee Company as may be directed by the Hon'ble High Court of Judicature at Bombay or any other competent authority, as may be applicable.
- 16.3 The Scheme being approved by the Bombay Stock Exchange and National Stock Exchange under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 16.4 The sanction of the High Court under Sections 391 to 394 of the Act in favour of the Transferor Company and the Transferee Company under the said provisions and to the necessary Order under Section 394 of the Act being obtained; and
- 16.5 Certified copies of the Orders of the High Court of Judicature at Bombay sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai by the Transferor Company and the Transferee Company.

17. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the Bombay High Court or such other



competent authority and / or the Order not being passed as aforesaid before March 31, 2017 or within such further period or periods as may be agreed upon between the Transferor Company and the Transferee Company by their Board of Directors (and which the Board of Directors of the companies are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

18. REPEALS AND SAVINGS

Any matter filed with Registrar of Companies, Regional Director or the Central Government under the Companies Act, 1956, before the notification of the corresponding provisions under the Companies Act, 2013 and not fully addressed at that time shall be concluded by the Registrar of Companies, Regional Director or the Central Government, as the case may be, in terms of the Act. Any direction or order given by the Hon'ble High Court under the provisions of the Act and any act done by the Transferor Company and the Transferee Company, based on such directions or order shall be deemed to be in accordance with and consistent with the provisions of the Companies Act, 2013.



19. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by the Transferor Company.



