

COMPOSITE SCHEME OF ARRANGEMENT
UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF
THE COMPANIES ACT, 2013
AMONGST
IIFL HOLDINGS LIMITED
AND
INDIA INFOLINE MEDIA & RESEARCH SERVICES LIMITED
AND
IIFL SECURITIES LIMITED
AND
IIFL WEALTH MANAGEMENT LIMITED
AND
INDIA INFOLINE FINANCE LIMITED
AND
IIFL DISTRIBUTION SERVICES LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS

A. BACKGROUND OF THE COMPANIES

- (i) **IIFL Holdings Limited**, the “**Demerged Company**” or “**Transferee Company 1**”, is a public listed company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number L74999MH1995PLC093797. The Demerged Company is engaged, *inter alia*, in 1) Securities Business comprising the investment banking business. The Company’s investment banking business works closely with companies across their lifestyle offering a gamut of services ranging from equity capital markets, private equity, and M&A advisory services. The investment banking division works closely with companies to identify their funding needs and enables its clients to raise funds effectively through a variety of products such as IPOs, qualified institutions placements/preferential allotment, rights issues, FPOs and private/public placement of debt. The Company also advises unlisted companies in raising capital through private equity advisory services and strategic advisory services which involves placements, deal structuring and closure. The Securities Business also includes insurance broking, securities and commodities broking, real estate broking and advisory and portfolio management services business carried on through various subsidiaries; 2) Wealth Business includes the investment advisory business of the Demerged Company of providing investment advice to clients or other persons or group of persons relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products and also includes wealth management services provided to high net worth individuals and corporate clients and media content advisory carried on through its subsidiaries; and 3) loan and mortgage business carried on through its subsidiaries.
- (ii) **India Infoline Media & Research Services Limited**, the “**Transferor Company 1**”, is an unlisted public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U93090MH2006PLC165592. The Transferor Company 1 is engaged, *inter alia*, in the business of online distribution of media content. It is also focussed on research which provides media content advisory support to the broking, commodities, mutual fund and portfolio management services business. The Transferor Company 1 is a wholly owned subsidiary of the Transferee Company 1.
- (iii) **IIFL Securities Limited**, the “**Resulting Company 1**”, is an unlisted public company incorporated under the provisions of the Companies Act, 2013 under the corporate identity number U99999MH1996PLC132983. The Resulting Company 1 is one of the leading players in the financial services sector offering equity and currency broking, depository participant, portfolio management, distribution of mutual funds, bonds and other saving products. The Resulting Company 1 is a member of BSE Limited, National Stock Exchange of India Limited and Metropolitan Stock Exchange of India Limited. It is also registered with NSDL and CDSL as a depository participant, providing a one stop solution for clients trading in equities market. The Resulting Company 1 is a wholly owned subsidiary of the Demerged Company.
- (iv) **IIFL Wealth Management Limited**, the “**Resulting Company 2**” or “**Transferor Company 3**”, is an unlisted public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U74140MH2008PLC177884. The Resulting Company 2 is registered as portfolio manager with Securities and Exchange Board of India since May 2008 and registered as a distributor of mutual funds with Association of Mutual Funds in India since March

2008. The Resulting Company 2 provides portfolio management and advisory services and acts as the wealth manager to high net worth individuals and corporate clients. It also carries on all kinds of distribution services for units of mutual funds, shares, stocks, debentures, bonds, government securities, insurance products, national savings certificates and such other financial, investment, personal loans, home loans products, securities & debt instruments. The Resulting Company 2 is a subsidiary of the Demerged Company.

- (v) **India Infoline Finance Limited**, the “**Transferor Company 2**”, is a public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U67120MH2004PLC147365. The Transferor Company 2 is registered with the Reserve Bank of India as a Systemically Important Non-Banking Financial Company not accepting public deposits (NBFC-ND-SI). The Transferor Company 2 offers a broad suite of financial products such as mortgage loan, gold loan, loan against securities, commercial vehicle loan, loans to small and medium enterprise and healthcare finance to retail and corporate clients. It is also engaged in housing finance and microfinance business through its subsidiaries. The debentures of the Transferor Company 2 are listed on the Stock Exchanges.
- (vi) **IIFL Distribution Services Limited**, the “**Transferee Company 2**”, is an unlisted public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U45201MH1995PLC228043. The Transferee Company 2 is engaged, *inter alia*, in the business of distribution of mutual funds and in providing manpower services to its associate companies. The Transferee Company 2 is a wholly owned subsidiary of the Transferor Company 3.

B. OVERVIEW AND OPERATION OF THIS SCHEME

This Scheme provides for:

- (i) the demerger, transfer and vesting of the Demerged Undertakings (*as defined hereinafter*) from the Demerged Company to the Resulting Companies (*as defined hereinafter*) on a going concern basis, and the consequent issue of shares by the Resulting Companies (*as defined hereinafter*) in the manner set out in this Scheme (*as defined hereinafter*) and other applicable provisions of Applicable Law;
- (ii) the amalgamation of the Transferor Company 1 with the Transferee Company 1 and amalgamation of the Transferor Company 2 with the Transferee Company 1, in the manner set out in this Scheme, and in accordance with the provisions of Sections 230 to 232 of the Act and other applicable provisions of Applicable Law;
- (iii) The transfer of Broking and Depository Participant Business from Transferor Company 3 to Transferee Company 2, in the manner set out in this Scheme, and in accordance with the provisions of Sections 230 to 232 of the Act and other applicable provisions of Applicable Law; and
- (iv) the reduction of the share capital of the Resulting Companies in the manner set out in this Scheme, and in accordance with Sections 230 to 232 read with Section 66, and other applicable provisions of the Act.

C. PARTS OF THIS SCHEME

This Scheme is divided into the following parts:

- (i) **PART I** deals with the definitions of capitalized terms used in this Scheme and the share capital of the Demerged Company, the Resulting Companies, the Transferor Companies and the Transferee Companies;
- (ii) **PART II** deals with the amalgamation of the Transferor Company 1 with the Transferee Company 1;
- (iii) **PART III** deals with the transfer and vesting of the Securities Business Undertaking from the Demerged Company into the Resulting Company 1 and the consideration thereof;
- (iv) **PART IV** deals with the transfer and vesting of the Wealth Business Undertaking from the Demerged Company into the Resulting Company 2 and the consideration thereof;
- (v) **PART V** deals with the amalgamation of the Transferor Company 2 with the Transferee Company 1;
- (vi) **PART VI** deals with the transfer of the Broking and Depository Participant Business from the Transferor Company 3 to the Transferee Company 2;
- (vii) **PART VII** deals with the reduction and cancellation of the existing equity share capital of the Resulting Company 1 held by the Demerged Company;
- (viii) **PART VIII** deals with the reduction and cancellation of the existing equity share capital of the Resulting Company 2 held by the Demerged Company; and
- (ix) **PART IX** deals with the general terms and conditions that would be applicable to this Scheme.

D. RATIONALE FOR THIS SCHEME

- (i) Over the course of time, the Demerged Company/ Transferee Company 1 has grown into a diversified financial conglomerate with interests in loans & mortgages, wealth management services, distribution of financial products and capital market services. Each of the core businesses have acquired critical mass, requiring flexibility and independence to grow faster in the fast-changing technology and innovation driven environment.
- (ii) Each core business has a differentiated strategy, different industry specific risks and operate *inter alia* under different market dynamics and growth trajectory. 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.
- (iii) Accordingly, the Demerged Company/ Transferee Company 1 proposes to re-organize and segregate, by way of a composite scheme of arrangement, its businesses and undertakings into three different listed verticals dealing in loans & mortgages business, wealth management services and capital market business. These listed entities will be subject to public, media, analysts and regulatory review. A clean

corporate structure with no cross holdings will ensure transparency, accountability, highest standards of corporate governance and compliance. It also enhances operational flexibility and helps quick response to competitive or environmental challenges.

- (iv) The proposed reorganisation pursuant to this Scheme is expected, *inter alia*, to result in the following benefits:
 - a) unlocking of value and create enhanced value for shareholders and allow a focused strategy in operations, which would be in the best interest of all the stakeholders; and
 - b) creation of listed entities specializing in loans & mortgages business, wealth management services and capital market business with ability to achieve valuation based on respective risk-return profile and cash flows, attracting the right investors and thus enhancing flexibility in accessing capital.
- (v) Further, each listed company can separately attract and motivate its key people with stock options such that their rewards are strongly correlated with their own business's performance and connect to the IIFL Group's philosophy of 'owner mindset', which believes in shared ownership and shared accountability by all team members.

PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

- 1.1 In this Scheme, unless inconsistent with the subject or context thereof (i) capitalised terms defined by inclusion in quotations and/ or parenthesis have the meanings so ascribed; (ii) subject to (iii) below, all terms and words not defined in this Scheme shall have the same meaning ascribed to them under Applicable Laws; and (iii) the following expressions shall have the meanings ascribed hereunder:

“Act” means the Companies Act, 2013 and shall include any other statutory amendment or re-enactment or restatement and the rules and/ or regulations and/ or other guidelines or notifications under Applicable Laws, made thereunder from time to time;

“Appointed Date 1” means opening of business hours of 1 April 2017;

“Appointed Date 2” means opening of business hours of 1 April 2018;

“Applicable Law” means any applicable central, provincial, local or other law including all 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 having jurisdiction over the Parties; (b) Permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties and shall include, without limitation, the listing agreement executed with the Stock Exchanges in the case of Demerged Company;

“Appropriate Authority” means:

- (a) the government of any jurisdiction (including any central, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof;
- (b) any public international organisation or supranational body and its institutions, departments, agencies and instrumentalities;
- (c) any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority including (without limitation), SEBI (*as defined hereinafter*), RBI (*as defined hereinafter*), the Tribunal (*as defined hereinafter*); and
- (d) any Stock Exchange.

“Board” in relation to each of Resulting Companies, Transferor Companies and Transferee Companies, means the board of directors of such company, and shall include a committee of directors or any person authorized by the board of directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to the amalgamation, transfer and demerger, this Scheme or any other matter relating thereto;

“Broking and Depository Participant Business Undertaking” means all the retail broking, research analyst and securities trading and depository participant business and ancillary and support services in relation thereto of the Transferor Company 3 together with all the undertakings, assets, properties, investments and liabilities of whatsoever nature and kind, and wheresoever situated, of the Transferor Company 3, in relation to and pertaining to the broking and depository participant business 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, equity shares, preference shares, 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, leave and license permissions, goodwill, 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 Transferor Company 3 in relation to and pertaining to the broking and depository participant business;

- (b) registrations and memberships of the Transferor Company 3 with BSE Limited, and National Stock Exchange of India Limited and the stock broking, depository participant and the research analyst license. It shall also include any and all memberships and registrations of the Transferor Company 3 in relation to and pertaining to the broking and depository participant 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 Transferor Company 3 in relation to and pertaining to the broking and depository participant business;
- (d) all contracts, agreements, 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/ POA, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the broking and depository participant business;
- (e) all the debts, liabilities, duties and obligations including contingent liabilities of the Transferor Company 3 in relation to and pertaining to the broking and depository participant business; and
- (f) 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, in connection with or relating to the broking and depository participant business of the Transferor Company 3.

It is clarified that the question of whether a specified asset or liability pertains to the Broking and Depository Participant Business Undertaking or arises out of the activities or operations of Broking and Depository Participant Business Undertaking shall be decided by the Board of the Transferor Company 3.

“Demerged Company” or **“Transferee Company 1”** means IIFL Holdings Limited, a public listed company incorporated under the provisions of the Indian Companies Act, 1956 under the corporate identity number L74999MH1995PLC093797 and having its registered office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane, Maharashtra 400604;

“Demerged Undertakings” means collectively, the Securities Business Undertaking and the Wealth Business Undertaking;

“Effective Date” means the day on which the last of the approvals/ conditions specified in Clause 56 (Conditions Precedent) of this Scheme are obtained or complied with. Reference in

this Scheme to the date of **“coming into effect of this Scheme”** or **“effectiveness of this Scheme”** shall mean the Effective Date;

“Encumbrance” means (i) 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; (ii) 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, selling, assigning, pledging, hypothecating, or creating a security interest in, place in trust (voting or otherwise), receipt of income or exercise; or (iii) any equity, assignments hypothecation, title retention, restriction, power of sale or other type of preferential arrangements; or (iv) any agreement to create any of the above; the term **“Encumber”** shall be construed accordingly;

“EPF Act” means the Employees Provident Fund and Miscellaneous Provisions Act, 1952;

“IIFL ESOS” means the Employee Stock Option Scheme 2007 and 2008 of the Demerged Company framed under the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and aligned with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

“India Infoline Finance ESOP” means the Employee Stock Option Plan – 2015 of the Transferor Company 2;

“INR” means Indian Rupee, the lawful currency of the Republic of India;

“IT Act” means the Income Tax act, 1961;

“Parties” shall mean collectively the Demerged Company, the Resulting Companies, Transferor Companies and the Transferee Companies and **“Party”** shall mean each of them, individually;

“Permits” means all consents, licences, permits, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory under Applicable Law and includes approvals of Stock Exchanges, SEBI, depositories, Association of Mutual Funds of India, Insurance Regulatory and Development Authority and such other authority or body for carrying out activities of stock broker, trading member, portfolio manager, depository participant, mutual fund distributor etc.;

“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;

“Record Date” means the date to be fixed by the Board of the Demerged Company/ Transferee Company 1 in consultation with the respective Resulting Companies for the purpose of determining the shareholders of the Demerged Company/ Transferee Company 1 for issue of the equity shares, pursuant to this Scheme. It is clarified that different Record Dates could be declared for different parts of the Scheme;

“Remaining Business” means all the business, units, divisions, undertakings and assets and

liabilities of the Demerged Company other than those forming part of the Demerged Undertakings. It is clarified that post transfer of the Securities Business Undertaking and the Wealth Business Undertaking and prior to the amalgamation of the Transferor Company 2 with the Transferee Company 1, the Remaining Business shall constitute only the loan and mortgage business carried on by the Demerged Company through its subsidiary, the Transferor Company 2;

“Resulting Companies” means collectively, the Resulting Company 1 and Resulting Company 2;

“Resulting Company 1” means IIFL Securities Limited, a public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U99999MH1996PLC132983, having its registered office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra 400604. The Resulting Company 1 is a wholly owned subsidiary of the Demerged Company;

“Resulting Company 2” or **“Transferor Company 3”** means IIFL Wealth Management Limited, a public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U74140MH2008PLC177884 having its registered office at IIFL Centre, Kamala City Senapati Bapat Marg, Lower Parel, Mumbai 400013. The Resulting Company 2 is a subsidiary of the Demerged Company;

“RoC” means the Registrar of Companies, Mumbai having jurisdiction over the Demerged Company, the Resulting Companies, Transferor Companies and Transferee Companies as the case may be;

“Scheme” means this composite scheme of arrangement, with or without any modification approved or imposed or directed by the Tribunal;

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

“SEBI Circular” shall mean the circular issued by the SEBI, being Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017, and any amendments thereof, modifications issued pursuant to regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015;

“Securities Business Undertaking” means all the securities and investment banking business (including such trademarks listed in Schedule 1) and ancillary and support services in relation thereto of the Demerged Company together with all the undertakings, assets, properties, investments and liabilities of whatsoever nature and kind, and wheresoever situated, of the Demerged Company, in relation to and pertaining to the securities and merchant banking business 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, equity shares, preference shares and other securities of associate/ subsidiary/ joint venture companies (except investment in Transferor Company 1, Resulting Company 2 and Transferor Company 2), 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, leave and license permissions, goodwill, 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 securities and investment banking business;

- (b) registrations and memberships of the Demerged Company in relation to and pertaining to the securities and investment banking business including the merchant banking license with SEBI;
- (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 securities and investment banking business;
- (d) all contracts, agreements, 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, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the securities and investment banking business;
- (e) all the debts, liabilities, duties and obligations including contingent liabilities of the Demerged Company in relation to and pertaining to the securities and investment banking business; and
- (f) 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, in connection with or relating to the securities and investment banking business.

It is clarified that the question of whether a specified asset or liability pertains to the Securities Business Undertaking or arises out of the activities or operations of Securities Business Undertaking shall be decided by the Board of the Demerged Company.

“Stock Exchanges” means BSE Limited (**“BSE”**) and National Stock Exchange of India Limited

("NSE"), as the case may be;

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

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

"Transferee Companies" means the Transferee Company 1 and the Transferee Company 2;

"Transferee Company 2" means IIFL Distribution Services Limited, a public company, incorporated under the provisions of the Companies Act, 1956, under corporate identity number U45201MH1995PLC228043 and having its registered office at IIFL Centre, Kamala City Senapati Bapat Marg, Lower Parel, Mumbai 400013. The Transferee Company 2 is a wholly owned subsidiary of the Resulting Company 2;

"Transferor Companies" means the Transferor Company 1, the Transferor Company 2 and the Transferor Company 3;

"Transferor Company 1" means India Infoline Media & Research Services Limited, a public company, incorporated under the provisions of the Companies Act, 1956, under corporate identity number U93090MH2006PLC165592 and having its registered office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra 400604;

"Transferor Company 2" means India Infoline Finance Limited, a public company, incorporated under the provisions of the Companies Act, 1956, under corporate identity number U67120MH2004PLC147365 and having its registered office at 12A-10, 13th Floor, Parinee Crescenzo, G Block, C-38&39, Bandra Kurla Complex, Bandra- East, Mumbai, Maharashtra 400051. The Transferor Company 2 is a subsidiary of the Demerged Company;

"Tribunal" means the Mumbai Bench of the National Company Law Tribunal having jurisdiction over the Demerged Company, the Resulting Companies, the Transferor Companies and the Transferee Companies, as the case may be; and

"Wealth Business Undertaking" means the investment advisory and media and research business and ancillary and support services in relation thereto of the Demerged Company together with all the undertakings, assets, properties, investments and liabilities of whatsoever nature and kind, and wheresoever situated, of the Demerged Company, in relation thereto 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, equity shares, preference shares and other securities, 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, leave and license permissions, goodwill, 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 investment advisory and media and research business;

- (b) registrations and memberships of the Demerged Company pertaining to the investment advisory and media and research business including the investment advisory license with SEBI;
- (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 investment advisory and media and research business;
- (d) all contracts, agreements, 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/ POA, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the investment advisory and media and research business;
- (e) all the debts, liabilities, duties and obligations including contingent liabilities of the Demerged Company in relation to and pertaining to the investment advisory and media and research business; and
- (f) 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, in connection with or relating to the investment advisory and media and research business.

It is clarified that the question of whether a specified asset or liability pertains to the Wealth Business Undertaking or arises out of the activities or operations of Wealth Business

Undertaking shall be decided by the Board of the Demerged Company.

1.2 In this Scheme, unless the context otherwise requires:

- 1.2.1 words denoting singular shall include plural and vice versa;
- 1.2.2 headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- 1.2.3 references to the word “include” or “including” shall be construed without limitation;
- 1.2.4 a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
- 1.2.5 unless otherwise defined, the reference to the word “days” shall mean calendar days;
- 1.2.6 reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and
- 1.2.7 word(s) and expression(s) elsewhere defined in this Scheme will have the meaning(s) respectively ascribed to them.

2. SHARE CAPITAL

2.1 The share capital of the Demerged Company/ Transferee Company 1 as on 30 January 2018 is as follows:

Particulars	INR
Authorised Share Capital	
600,000,000 equity shares of INR 2 each	1,200,000,000
Total	1,200,000,000
Issued, Subscribed and Paid Up Capital	
318,475,556 equity shares of INR 2 each	636,951,112
Total	636,951,112

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Demerged Company/ Transferee Company 1 till the date of approval of the Scheme by the Board of the Demerged Company/ Transferee Company 1.

The Demerged Company/ Transferee Company 1 has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital of the Demerged Company/ Transferee Company 1.

The equity shares of the Demerged Company/ Transferee Company 1 are listed on Stock Exchanges.

2.2 The share capital of the Transferor Company 1 as on 30 January 2018 is as follows:

Particulars	INR
Authorised Share Capital	
50,000 equity shares of INR 10 each	500,000
36,000,000 preference shares of INR 10 each	360,000,000
Total	360,500,000
Issued, Subscribed and Paid-up Capital	
50,000 equity shares of INR 10 each	500,000
Total	500,000

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferor Company 1 till the date of approval of the Scheme by the Board of the Transferor Company 1.

The Transferor Company 1 is a wholly owned subsidiary of the Demerged Company/ Transferee Company 1. The equity shares of the Transferor Company are not listed on Stock Exchanges or on any other stock exchange in India or elsewhere.

2.3 The share capital of the Resulting Company 1 as on 30 January 2018 is as follows:

Particulars	INR
Authorised Share Capital	
20,000,100 equity shares of INR 10 each	200,001,000
Total	200,001,000
Issued, Subscribed and Paid-up Capital	
18,718,281 equity shares of INR 10 each	187,182,810
Total	187,182,810

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Resulting Company 1 till the date of approval of the Scheme by the Board of the Resulting Company 1.

The Resulting Company 1 is a wholly owned subsidiary of the Demerged Company/ Transferee Company 1. The equity shares of the Resulting Company 1 are not listed on Stock Exchanges or on any other stock exchange in India or elsewhere.

The Resulting Company 1 has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital of the Resulting Company 1.

- 2.4 The share capital of the Resulting Company 2/ Transferor Company 3 as on 30 January 2018 is as follows:

Particulars	INR
Authorised Share Capital	
85,000,000 equity shares of INR 2 each	170,000,000
Total	170,000,000
Issued, Subscribed and Paid-up Capital	
79,753,463 equity shares of INR 2 each	159,506,926
Total	159,506,926

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Resulting Company 2/ Transferor Company 3 till the date of approval of the Scheme by the Board of the Resulting Company 2/ Transferor Company 3.

The Resulting Company 2/ Transferor Company 3 is a subsidiary of the Demerged Company/ Transferee Company 1. The equity shares of the Resulting Company 2/ Transferor Company 3 are not listed on Stock Exchanges or on any other stock exchange in India or elsewhere.

The Resulting Company 2/ Transferor Company 3 has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital of the Resulting Company 2/ Transferor Company 3.

- 2.5 The share capital of the Transferor Company 2 as on 30 January 2018 is as follows:

Particulars	INR
Authorised Share Capital	
300,000,000 equity shares of INR 10 each	3,000,000,000
1,999,600 equity shares of INR 100 each	199,960,000
400 preference shares of INR 100 each	40,000
575,000,000 preference shares of INR 10 each	5,750,000,000
Total	8,950,000,000
Issued, Subscribed and Paid-up Capital	
237,378,672 equity shares of INR 10 each	2,373,786,720
4,33,34,409 0.01% compulsorily convertible preference shares of INR 10 each	433,344,090
Total	2,807,130,810

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferor Company 2 till the date of approval of the Scheme by the Board of the Transferor Company 2.

The Transferor Company 2 is a subsidiary of the Demerged Company/ Transferee Company 1. The equity shares of the Transferor Company are not listed on Stock Exchanges or on any other stock exchange in India or elsewhere.

The Transferor Company 2 has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital of the Transferor Company 2.

2.6 The share capital of the Transferee Company 2 as on 30 January 2018 is as follows:

Particulars	INR
Authorised Share Capital	
10,000 equity shares of INR 100 each	1,000,000
Total	1,000,000
Issued, Subscribed and Paid-up Capital	
5,120 equity shares of INR 100 each	512,000
Total	512,000

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferee Company 2 till the date of approval of the Scheme by the Board of the Transferee Company 2.

The Transferee Company 2 is a wholly owned subsidiary of the Transferor Company 3/ Resulting Company 2. The equity shares of the Transferee Company 2 are not listed on Stock Exchanges or on any other stock exchange in India or elsewhere.

3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

3.1 This Scheme set out herein in its present form or with any modification(s) and amendment(s) made under Clause 55 of this Scheme duly approved or imposed or directed by the Tribunal shall be effective from the Appointed Date 1 or Appointed Date 2, as the case may be, but shall be operative from the Effective Date. Therefore, for all regulatory and tax purposes the respective parts of the Scheme would be effective from the Appointed Date 1 or the Appointed Date 2, as the case may be, of this Scheme. Notwithstanding the above, the accounting treatment to be adopted (as set out under the Scheme) to give effect to the provisions of the Scheme would be in consonance with applicable accounting standards including Indian Accounting Standards 103 ("**Ind AS 103**"), as may be applicable, and the mere adoption of such accounting treatment will not in any manner affect the transfer and vesting from the Appointed Date 1 or the Appointed Date 2, as the case may be, and set out in the respective parts of the Scheme.

PART II

AMALGAMATION OF TRANSFEROR COMPANY 1 WITH TRANSFEREE COMPANY 1

4. TRANSFER OF ASSETS AND LIABILITIES

4.1 With effect from the Appointed Date 1 and subject to the provisions of this Scheme and pursuant to Section 232 of the Act and Section 2(1B) of the IT Act, the Transferor Company 1

shall stand amalgamated with the Transferee Company 1 as a going concern and all assets, liabilities, contracts, arrangements, employees, permits, licences, records, approvals, etc. of the Transferor Company 1 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 1, so as to become as and from the Appointed Date 1, the assets, liabilities, contracts, arrangements, employees, permits, licences, records, approvals, etc. of the Transferee Company 1 by virtue of, and in the manner provided in this Scheme.

4.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, upon Part II of the Scheme becoming effective and with effect from the Appointed Date 1:

4.2.1 with respect to the assets of the Transferor Company 1 that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/ or delivery, the same may be so transferred by the Transferor Company 1 by operation of law without any further act or execution of an instrument with the intent of vesting such assets with the Transferee Company 1 as on the Appointed Date 1;

4.2.2 subject to Clause 4.2.3 below, with respect to the assets of the Transferor Company 1, other than those referred to in Clause 4.2.1 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 1 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 1, with effect from the Appointed Date 1, by operation of law as transmission or as the case may be in favour of Transferee Company 1;

4.2.3 all debts, liabilities, duties and obligations (debentures, bonds, notes or other debt securities) of the Transferor Company 1 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 1, so as to become on and from the Appointed Date 1, the debts, liabilities, duties and obligations of the Transferee Company 1 on the same terms and conditions as were applicable to the Transferor Company 1, 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 4;

4.2.4 the vesting of the entire undertaking of the Transferor Company 1, 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 of Transferor Company 1 or part thereof on or over which they are subsisting on and vesting of such assets in Transferee Company 1 and no such Encumbrances shall extend over or apply to any other asset(s) of Transferee Company 1. Any reference in any security documents or arrangements (to which Transferor Company 1 is a party) related to any assets of Transferor Company 1 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 Transferee Company 1. Similarly, Transferee

Company 1 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 Transferor Company 1 shall not extend or be deemed to extend or apply to the assets so vested;

- 4.2.5 Taxes, if any, paid or payable by the Transferor Company 1 after the Appointed Date 1 shall be treated as paid or payable by the Transferee Company 1 and the Transferee Company 1 shall be entitled to claim the credit, refund or adjustment for the same as may be applicable;
- 4.2.6 if the Transferor Company 1 is entitled to any unutilized credits (including balances or advances), benefits, subsidies, grants, special status and other benefits or privileges of whatsoever nature under the incentive schemes and policies including tax holiday or concessions under any Tax Laws or Applicable Laws, the Transferee Company 1 shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits as the case may be automatically without any specific approval or permission;
- 4.2.7 upon Part II of the Scheme becoming effective, the Transferor Company 1 and / or the Transferee Company 1 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;
- 4.2.8 it is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferor Company 1, shall, if so required by the Transferee Company 1, issue notices in such form as the Transferee Company 1 may deem fit and proper stating that pursuant to the Tribunal 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 1, as the person entitled thereto, to the end and intent that the right of the Transferor Company 1, to recover or realise the same, stands transferred to the Transferee Company 1 and that appropriate entries should be passed in their respective books to record the aforesaid changes;
- 4.2.9 On and from the Effective Date and till such time that the name of the bank accounts of the Transferor Company 1 has been replaced with that of the Transferee Company 1, the Transferee Company 1 shall be entitled to maintain and operate the bank accounts of the Transferor Company 1 in the name of the Transferor Company 1 and for such time as may be determined to be necessary by the Transferee Company 1. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company 1 after the Effective Date shall be accepted by the bankers of the Transferee Company 1 and credited to the account of the Transferee Company 1, if presented by the Transferee Company 1; and
- 4.2.10 without prejudice to the foregoing provisions of Clause 4.2, and upon the effectiveness of Part II of the Scheme, the Transferor Company 1, and the Transferee Company 1 shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Transferee

Company 1 may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person, to give effect to the above provisions.

5. PERMITS

With effect from the Appointed Date 1, all the Permits held or availed of by, and all rights and benefits that have accrued to, the Transferor Company 1, pursuant to the provisions of Section 232 of the Act, shall without any further act, instrument or deed, be transferred to, and vest in, or be deemed to have been transferred to, and vested in, and be available to, the Transferee Company 1 so as to become as and from the Effective Date, the Permits, estates, assets, rights, title, interests and authorities of the Transferee Company 1 and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Laws. Upon the Appointed Date 1 and until the Permits are transferred, vested, recorded, effected, and/ or perfected, in the record of the Appropriate Authority, in favour of the Transferee Company 1, the Transferee Company 1 is authorized to carry on business in the name and style of the Transferor Company 1 and under the relevant license and/ or permit and/ or approval, as the case may be, and the Transferee Company 1 shall keep a record and/ or account of such transactions.

6. CONTRACTS

- 6.1 Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature, subsisting or having effect on or immediately before the Appointed Date 1, to which the Transferor Company 1 is a party shall remain in full force and effect against or in favour of the Transferee Company 1 and shall be binding on and be enforceable by and against the Transferee Company 1 as fully and effectually as if the Transferee Company 1 had at all material times been a party thereto. The Transferee Company 1 will, if required, enter into novation agreement(s) in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above. Any *inter-se* contracts between the Transferor Company 1 on the one hand and the Transferee Company 1 on the other hand shall stand cancelled and cease to operate upon the effectiveness of Part II of this Scheme.
- 6.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the assets and liabilities of the Transferor Company 1 occurs by virtue of this Scheme, the Transferee Company 1 may, at any time after Part II of the Scheme coming into effect, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company 1 is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. The Transferee Company 1 shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company 1 to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company 1.
- 6.3 On and from the Effective Date, and thereafter, the Transferee Company 1 shall be entitled to complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Company 1 in the name of the Transferor Company 1 in so far as may be necessary until the transfer of rights and obligations of the

Transferor Company 1, to the Transferee Company 1 under this Scheme has been given effect to under such contracts and transactions.

7. EMPLOYEES

- 7.1 On Part II of the Scheme becoming effective, all employees of the Transferor Company 1 in service on the Effective Date, shall be deemed to have become employees of the Transferee Company 1 with effect from the Appointed Date 1 or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company 1 shall not be less favourable than those applicable to them with reference to the Transferor Company 1 on the Effective Date. The Transferee Company 1 undertakes to continue to abide by any agreement/settlement, if any, validly entered into by the Transferor Company 1 with any union/employee of the Transferor Company 1 recognized by the Transferor Company 1. It is hereby clarified that the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which the employees of the Transferor Company 1 are members shall be transferred to such provident fund, gratuity fund and superannuation fund of the Transferee Company 1 or to be established and caused to be recognized by the appropriate authorities, by the Transferee Company 1.
- 7.2 Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the employees of the Transferor Company 1 would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Transferor Company 1.
- 7.3 Upon transfer of the aforesaid funds to the respective funds of the Transferee Company 1, the existing trusts created for such funds by the Transferor Company 1 shall stand dissolved and no further act or deed shall be required to this effect. It is further clarified that the services of the employees of the Transferor Company 1 will be treated as having been continuous, uninterrupted and taken into account for the purpose of the said fund or funds.
- 7.4 Without prejudice to the aforesaid, the Board of the Transferee Company 1, if it deems fit and subject to applicable laws, shall be entitled to retain separate trusts or funds within the Transferee Company 1 for the erstwhile fund(s) of the Transferor Company 1.

8. LEGAL PROCEEDINGS

If any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature (hereinafter called the “**Proceedings**”) by or against the Transferor Company 1 is pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the amalgamation or of anything contained in this Scheme, but the Proceedings may be continued, prosecuted and enforced by or against the Transferee Company 1 in the same manner and to the same extent as it would have been continued, prosecuted and enforced by or against the Transferor Company 1 as if this Scheme had not been made. On and from the Effective Date, the Transferee Company 1 may initiate any legal proceeding for and on behalf of the Transferor Company 1.

9. COMBINATION OF AUTHORISED CAPITAL

Upon Part II of the Scheme becoming effective, the authorised share capital of the Transferee Company 1 shall stand increased without any further act, instrument or deed on the part of

Transferee Company 1 including payment of stamp duty and fees to Registrar of Companies, by the authorised share capital of the Transferor Company 1 amounting to INR 360,500,000 (Thirty Six Crore and Five Lakh Only) and the consent of the shareholders of the Transferee Company 1 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 1 shall be utilized and applied to the increased authorized share capital of the Transferee Company 1 and there would be no requirement for any further payment of stamp duty and/or fee by the Transferee Company 1 for increase in the authorised share capital to that extent.

10. CONSIDERATION

- 10.1 The Transferor Company 1 is a wholly owned subsidiary of the Transferee Company 1 and therefore there shall be no issue of shares by the Transferor Company 1 as consideration for the amalgamation of the Transferor Company 1 with the Transferee Company 1.
- 10.2 Upon Part II of this Scheme becoming effective, all equity shares of the Transferor Company 1 held by the Transferee Company 1 (held either directly or through its nominees) shall stand cancelled without any further application, act or deed.

11. ACCOUNTING TREATMENT BY THE TRANSFEE COMPANY 1 IN ITS BOOKS OF ACCOUNTS

On the Scheme taking effect, the Transferee Company 1 shall account for amalgamation of the Transferor Company 1 with the Transferee Company 1 in its books of account as per the pooling of interest method in accordance with the accounting standards prescribed under section 133 of the Act with effect from the Appointed Date 1, being the beginning of the preceding period in the financial statements.

12. VALIDITY OF EXISTING RESOLUTIONS, ETC.

Upon the coming into effect of Part II of this Scheme, the resolutions/ power of attorneys executed by the Transferor Company 1, as are considered necessary by the Board of the Transferor Company 1, 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 the Transferee Company 1, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then such limits as are considered necessary by the Board of the Transferee Company 1 shall be added to the limits, if any, under like resolutions passed by the Transferee Company 1 and shall constitute the new aggregate limits for each of the subject matters covered under such resolutions/power of attorneys for the purpose of Transferee Company 1.

13. DISSOLUTION OF TRANSFEROR COMPANY 1

On Part II of this Scheme becoming effective, the Transferor Company 1 shall stand dissolved without winding up. On and from the Effective Date, the name of the Transferor Company 1 shall be struck off from the records of the concerned RoC.

PART III

DEMERGER AND VESTING OF THE SECURITIES BUSINESS UNDERTAKING

14. DEMERGER AND VESTING OF THE SECURITIES BUSINESS UNDERTAKING

- 14.1 Upon Part III of the Scheme becoming effective and with effect from the Appointed Date 2, and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act and Section 2(19AA) of the IT Act, the Securities Business Undertaking along with all its assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. shall, without any further act, instrument or deed, be demerged from Demerged Company and transferred to and be vested in or be deemed to have been vested in the Resulting Company 1 as a going concern so as to become the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Resulting Company 1 by virtue of, and in the manner provided in this Scheme, on and from the Appointed Date 2.
- 14.2 In respect of such of the assets and properties forming part of the Securities Business Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, or by endorsement and/ or delivery, the same shall stand transferred by the Demerged Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company 1.
- 14.3 Subject to Clause 14.4 below, with respect to the assets of the Securities Business Undertaking, other than those referred to in Clause 14.2 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, 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 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 Demerged 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 Resulting Company 1, with effect from the Appointed Date 2 by operation of law as transmission or as the case may be in favour of Resulting Company 1. With regard to the licenses of the properties, the Resulting Company 1 will enter into novation agreements, if it is so required.
- 14.4 Without prejudice to the aforesaid, the Securities Business Undertaking, including all immoveable property, whether or not included in the books of the Demerged Company, whether freehold or leasehold (including but not limited to land, buildings, sites, tenancy rights related thereto, and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the Securities Business Undertaking shall stand transferred to and be vested in the Resulting Company 1, without any act or deed to be done or executed by the Demerged Company and/ or the Resulting Company 1.
- 14.5 Notwithstanding anything contained in this Scheme, the immovable properties of the Demerged Company situated within the state of Gujarat and such other states in relation to the Securities Business Undertaking as the Resulting Company 1 may determine, whether owned or leased, whether executed before or after the Effective Date, for the purpose *inter alia* payment of stamp duty, and vesting unto the Resulting Company 1 and if the Resulting Company 1 so decides, the concerned parties, shall execute and register or cause so to be done, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Resulting Company 1 in respect of such immovable properties. Each of the

immovable properties, only for the payment of stamp duty, shall be deemed to be conveyed at a consideration being the fair market value of such properties (arrived at by a government approved independent valuer). The execution of such conveyance shall form an integral part of the Scheme.

- 14.6 The Demerged Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Resulting Company 1 and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.
- 14.7 Upon effectiveness of Part III of the Scheme, all debts, liabilities, loans, obligations and duties of the Demerged Company as on the Appointed Date 2 and relatable to the Securities Business Undertaking ("**Transferred Securities Business Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company 1 to the extent that they are outstanding as on the Appointed Date 2 and the Resulting Company 1 shall meet, discharge and satisfy the same. The term "**Transferred Securities Business Liabilities**" shall include:
- 14.7.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Securities Business Undertaking;
- 14.7.2 the specific loans or borrowings (including debentures bonds, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Securities Business Undertaking); and
- 14.7.3 in cases other than those referred to in Clauses 14.7.1 or 14.7.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Securities Business Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date 2.

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 2 in relation to the Demerged Company shall not be transferred as part of the Securities Business Undertaking to Resulting Company 1.

- 14.8 In so far as any Encumbrance in respect of Transferred Securities Business 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 1. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the Transferred Securities Business 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 Securities Business Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company 1 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.

- 14.9 Taxes, if any, paid or payable by the Demerged Company after the Appointed Date 2 and specifically pertaining to Securities Business Undertaking shall be treated as paid or payable by the Resulting Company 1 and the Resulting Company 1 shall be entitled to claim the credit, refund or adjustment for the same as may be applicable.
- 14.10 If the Demerged Company is entitled to any unutilized credits (including balances or advances), benefits under the incentive schemes and policies including tax holiday or concessions relating to the Securities Business Undertaking under any Tax Laws or Applicable Laws, the Resulting Company 1 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.
- 14.11 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company 1 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.
- 14.12 Subject to Clause 14 and any other provisions of the Scheme, any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Securities Business Undertaking, the Demerged Company shall, if so required by the Resulting Company 1, issue notices in such form as the Resulting Company 1 may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company 1, 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 1 and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 14.13 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 Securities Business Undertaking, have been replaced with that of the Resulting Company 1, the Resulting Company 1 shall be entitled to maintain and operate the 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 1. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Securities Business Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company 1 and credited to the account of the Resulting Company 1, if presented by the Resulting Company 1.
- 14.14 Without prejudice to the provisions of the foregoing sub clauses of this Clause 14, and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company 1 shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Resulting Company 1 may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person to give effect to the Scheme.

15. PERMITS

- 15.1 With effect from the Appointed Date 2, Permits relating to the Securities Business Undertaking shall be transferred to and vested in the Resulting Company 1 and the concerned licensor and

grantors of such Permits shall endorse where necessary, and record the Resulting Company 1 on such Permits so as to empower and facilitate the approval and vesting of the Securities Business Undertaking in the Resulting Company 1 and continuation of operations pertaining to the Securities Business Undertaking in the Resulting Company 1 without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Resulting Company 1 without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Resulting Company 1 as if the same were originally given by, issued to or executed in favour of the Resulting Company 1 and the Resulting Company 1 shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company 1.

- 15.2 The benefit of all Permits pertaining to the Securities Business Undertaking shall without any other order to this effect, transfer and vest into and become available to the Resulting Company 1 pursuant to the sanction of this Scheme.

16. CONTRACTS

- 16.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments in relation to the Securities Business Undertaking, to which the Demerged Company is a party and which is subsisting or having effect on or immediately before the Appointed Date 2 shall remain in full force and effect against or in favour of the Resulting Company 1 and shall be binding on and be enforceable by and against the Resulting Company 1 as fully and effectually as if the Resulting Company 1 had at all material times been a party or beneficiary or obligee thereto. The Resulting Company 1 will, if required, enter into a novation agreement in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above and, if required, cause such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above to be formally taken on record/ recognised by the Appropriate Authorities.
- 16.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Securities Business Undertaking occurs by virtue of this Scheme, the Resulting Company 1 may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date 2, the Resulting Company 1 shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company.
- 16.3 On and from the Effective Date, and thereafter, the Resulting Company 1 shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Demerged Company, in relation to or in connection with the Securities Business Undertaking, in the name of the Resulting Company 1 in so far as may be necessary until the transfer of rights and obligations of the Securities Business Undertaking to the Resulting Company 1 under this Scheme have been given effect to under such contracts and transactions.

17. EMPLOYEES

- 17.1 On Part III of the Scheme becoming effective, all employees of the Demerged Company in service on the Effective Date, engaged in or in relation to the Securities Business Undertaking, shall be deemed to have become employees of the Resulting Company 1 with effect from the Appointed Date 2 or their respective joining date, whichever is later, without any interruption in service, on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company. The Resulting Company 1 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 1 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 Securities Business Undertaking, be decided by the Demerged Company, and shall be final and binding on all concerned.
- 17.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such gratuity fund and superannuation funds nominated by the Resulting Company 1 and/ or such new 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 1. Pending the transfer as aforesaid, the gratuity fund and superannuation fund dues of the said employees would be continued to be deposited in the existing gratuity fund and superannuation fund respectively of the Demerged Company.
- 17.3 As far as provident fund is concerned, the balances standing to the credit of the said employees in the existing provident fund of the Demerged Company shall be retained in such provident fund and such provident fund shall be continued for the benefit of: (a) the said employees who are transferred to the Resulting Company 1, as aforesaid, and (b) other employees of the Demerged Company. In relation to said employees being transferred, the Resulting Company 1 shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions thereof. The rules of such existing provident fund shall stand amended accordingly. The employees of the Demerged Company engaged in or in relation to the Securities Business Undertaking who are transferred to the Resulting Company 1, as aforesaid, shall be deemed to constitute a separate class of employees of the Resulting Company 1 for the purpose of compliance with the provisions of the EPF Act.
- 17.4 Employee stock options:
- 17.4.1 Upon the coming into effect of Part III of the Scheme, the Resulting Company 1 shall either formulate new employee stock option scheme/(s) or make changes to the existing employee stock option scheme/(s) by adopting the IIFL ESOS of the Demerged Company, as modified in accordance with the variations mentioned in this Clause 17.4;
- 17.4.2 With respect to the stock options granted by the Demerged Company to the employees of the Demerged Company or its subsidiaries (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become

employees of the Resulting Company 1 or its subsidiaries pursuant to this Scheme) under the IIFL ESOS; and upon the Scheme becoming effective, the said employees shall be granted 1 (One) stock option by the Resulting Company 1 under the new scheme(s) for every 1 (One) stock option held in the Demerged Company, whether the same are vested or not, on terms and conditions similar to the IIFL ESOS;

- 17.4.3 The stock options granted by the Demerged Company under the IIFL ESOS would continue to be held by the employees concerned (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company 1 or its subsidiaries). Upon coming into effect of the Scheme, the Demerged Company shall take necessary steps to modify the IIFL ESOS in a manner considered appropriate and in accordance with the applicable laws, in order to enable the continuance of the same in the hands of the employees who become employees of the Resulting Company 1, subject to the approval of the Stock Exchange and the relevant regulatory authorities, if any under Applicable Law;
- 17.4.4 The existing exercise price of the stock options of the Demerged Company shall be modified and the Board of the Demerged Company shall determine the exercise price consequent to the demerger. The Board of the Resulting Company 1 shall determine the exercise price of the stock options issued by the Resulting Company 1 in lieu of stock options granted under IIFL ESOS. The Board of the Demerged Company and the Resulting Companies shall ensure that the terms of the employee stock options granted under stock option plans of the respective companies in lieu of the options held in IIFL ESOS and any adjustment to the exercise price of stock options granted under IIFL ESOS are not less favourable than existing terms of the stock options granted under IIFL ESOS;
- 17.4.5 While granting stock options, the Resulting Company 1 shall take into account the period during which the employees held stock options granted by the Demerged Company prior to the issuance of the stock options by the Resulting Company 1, for determining of minimum vesting period required for stock options granted by the Resulting Company 1, subject to applicable laws;
- 17.4.6 The Resulting Companies and Transferee Company 1 shall reimburse each other for cost debited to the profit & loss account or any suspense / subsidy account, subsequent to the Appointed Date 2, in relation to stock options issued to employees of the other company or its subsidiaries, if necessary and required;
- 17.4.7 The Board of the Demerged Company and Resulting Company 1 may provide cash compensation, if required, to the employees of the Demerged Company holding stock options in the Demerged Company in order to provide fair treatment if the effect from Clauses 17.4.1 to 17.4.6 are deemed insufficient by the Board of the Demerged Company and the Resulting Company 1; and
- 17.4.8 The Board of the Demerged Company and Resulting Company 1 shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 17.4. Approval granted to the Scheme by the shareholders of the Demerged Company and the Resulting Company 1 shall also be deemed to be approval granted to any modifications made to the IIFL ESOS of the Demerged Company and approval granted to the new employee stock option scheme to be adopted by the Resulting Company 1, respectively.

18. LEGAL PROCEEDINGS

- 18.1 Upon the coming into effect of this Scheme, proceedings relating to the Securities Business 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 1 with effect from the Effective 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.
- 18.2 The Resulting Company 1: (a) shall be replaced/ added as party to such proceedings relating to the Securities Business Undertaking; and (b) shall prosecute or defend such proceedings at its own cost and the liability of the Demerged Company shall consequently stand nullified. For the avoidance of doubt, it is clarified that only the Demerged Company shall be liable for the result of such order or judgment including any relief or positive impact/benefit or adverse impact/liability accruing from such order or judgment. It is clarified that except, as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any proceedings relating to the Securities Business Undertaking that stand transferred to the Resulting Company 1.

19. CONSIDERATION

- 19.1 Upon Part III of the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, the Resulting Company 1 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, 1 (One) fully paid up equity share of INR 2 (Indian Rupees Two) each of the Resulting Company 1 ("**Securities Business Undertaking New Equity Shares**"), credited as fully paid up, for every 1 (One) equity share of INR 2 (Indian Rupees Two) each of the Demerged Company held by such shareholder whose name is recorded in the register of members and records of the depository as members of the Demerged Company as on the Record Date. It is hereby clarified that no shares shall be issued by the Resulting Company 1 in respect of the shares held by the Demerged Company in the Resulting Company 1. The equity shares of the Resulting Company 1 to be issued and allotted as provided in this Clause 19.1 shall be subject to the provisions of the memorandum of association and articles of association of Resulting Company 1, as the case may be, and shall rank *pari passu* in all respects with any existing equity shares of Resulting Company 1, 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 Resulting Company 1.
- 19.2 The issue and allotment of equity shares as provided in Clause 19.1, 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 1 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 1 and/ or the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of equity shares, as the case may be, pursuant to the aforesaid Clause 19.1.
- 19.3 The equity shares issued pursuant to Clause 19.1 shall be in dematerialized form unless otherwise notified in writing by a shareholder of the Demerged Company to the Resulting Company 1 on or before such date as may be determined by the Board of Demerged Company. In the event that such notice has not been received by Resulting Company 1 in respect of any of the shareholders of Demerged Company, the equity shares, shall be issued to such

shareholders in dematerialized form provided that the shareholders of Demerged Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that Resulting Company 1 has received notice from any shareholder that the equity shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company 1, then Resulting Company 1 shall issue the equity shares in physical form to such shareholder or shareholders.

- 19.4 In the event, the Parties restructure their equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share exchange ratio, per Clause 19.1 above shall be adjusted (including stock options) accordingly, to consider the effect of any such corporate actions.
- 19.5 Resulting Company 1 shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The equity shares allotted by the Resulting Company 1 in terms of Clause 19.1 above, pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange. Further, there shall be no change in the shareholding pattern of Resulting Company 1 between the Record Date and the listing of its equity shares which may affect the status of approval of the Stock Exchanges.
- 19.6 Resulting Company 1 shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.

20. ACCOUNTING TREATMENT BY THE DEMERGED COMPANY AND THE RESULTING COMPANY 1 IN RESPECT OF THEIR RESPECTIVE BOOKS OF ACCOUNTS

20.1 Accounting treatment in the books of the Demerged Company:

- 20.1.1 The Demerged Company shall, upon the Scheme becoming effective, reduce the assets and liabilities of the Securities Business Undertaking vested in the Resulting Company 1 pursuant to this Scheme at their respective book values as on the Effective Date;
- 20.1.2 Inter-company balances and transaction between the Resulting Company 1 and the Securities Business Undertaking of the Demerged Company, if any, including inter-company investments will stand cancelled; and
- 20.1.3 The difference being the excess of the book value of assets over the book value of the liabilities pertaining to the Securities Business Undertaking and demerged from the Demerged Company pursuant to this Scheme after giving effect to Clause 20.1.2 shall be adjusted to capital reserves of the Demerged Company.

20.2 Accounting treatment in the books of the Resulting Company 1:

- 20.2.1 Upon the coming into effect of this Scheme, the Resulting Company 1 shall record the assets and liabilities of the Securities Business Undertaking at their respective book values, as on the Effective Date in the books of the Demerged Company;

- 20.2.2 The Resulting Company 1 shall credit to its share capital account, the aggregate face value of the Securities Business Undertaking New Equity Shares issued by it pursuant to Clause 19.1 of this Scheme;
- 20.2.3 Inter-company balances and transaction between the Resulting Company 1 and the Securities Business Undertaking of the Demerged Company, if any, including inter-company investments will stand cancelled;
- 20.2.4 The difference between value of assets and liabilities of the Securities Business Undertaking as recorded by the Resulting Company 1 after considering effect of Clause 20.2.2 and Clause 20.2.3 shall be adjusted as capital reserve; and
- 20.2.5 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.

21. TRANSFER OF AUTHORISED CAPITAL

- 21.1 Upon coming into effect of Part III and after giving effect to combination of authorised capital under Clause 9.1 of this Scheme, INR 800,000,000 (Indian Rupees Eighty Crore Only) shall stand transferred from the authorised capital of the Demerged Company and get combined with the authorised capital of the Resulting Company 1 and the Memorandum of Association and Articles of Association of the Resulting Company 1 (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 Resulting Company 1 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 Demerged Company shall be utilized and applied to the increased authorized share capital of the Resulting Company 1 and there would be no requirement for any further payment of stamp duty and/or fee by the Resulting Company 1 for increase in the authorised share capital to that extent.
- 21.2 Consequently, the Memorandum of Association of the Resulting Company 1 shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 14, 61 and 64 of the Act and Section 230 to 232 and other applicable provisions of the Act, and be replaced by the following Clause:
- “The Authorised Share Capital of the Company is Rs 100,00,01,000 (Rupees One Hundred Crore One Thousand Only) divided into 50,00,00,500 (Fifty Crore Five Hundred) Equity Shares of Rs 2/- (Rupees Two only) each with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of the Company and the legislative provisions for the time being in force.”.*
- 21.3 It is clarified that the approval of the members of the Resulting Company 1 to this Scheme shall be deemed to be their consent/ approval also to the consequential alteration of the

Memorandum of Association of the Resulting Company 1 and the Resulting Company 1 shall not be required to seek separate consent/ approval of its shareholders for such alteration of the Memorandum of Association as required under Sections 13, 61, and 64 of the Act and other applicable provisions of the Act.

PART IV

DEMERGER AND VESTING OF THE WEALTH BUSINESS UNDERTAKING

22. DEMERGER AND VESTING OF THE WEALTH BUSINESS UNDERTAKING

- 22.1 Upon the Scheme becoming effective and with effect from the Appointed Date 2, and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act and Section 2(19AA) of the IT Act, the Wealth Business Undertaking along with all its assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. shall, without any further act, instrument or deed, be demerged from Demerged Company and transferred to and be vested in or be deemed to have been vested in the Resulting Company 2 as a going concern so as to become as and from the Appointed Date 2, the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Resulting Company 2 by virtue of, and in the manner provided in this Scheme.
- 22.2 In respect of such of the assets and properties forming part of the Wealth Business Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, or by endorsement and/ or delivery, the same shall stand transferred by the Demerged Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company 2.
- 22.3 Subject to Clause 22.4 below, with respect to the assets of the Wealth Business Undertaking, other than those referred to in Clause 22.2 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, 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 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 Demerged 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 Resulting Company 2, with effect from the Appointed Date 2 by operation of law as transmission or as the case may be in favour of Resulting Company 2. With regard to the licenses of the properties, the Resulting Company 2 will enter into novation agreements, if it is so required.
- 22.4 Without prejudice to the aforesaid, the Wealth Business Undertaking, including all immoveable property, whether or not included in the books of the Demerged Company, whether freehold or leasehold (including but not limited to land, buildings, sites, tenancy rights related thereto, and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the Wealth Business Undertaking shall stand transferred to and be vested in the Resulting Company 2, without any act or deed to be done or executed by the Demerged Company and/ or the Resulting Company 2.
- 22.5 The Demerged Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the

Resulting Company 2 and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.

22.6 Upon effectiveness of the Scheme, all debts, liabilities, loans, obligations and duties of the Demerged Company as on the Appointed Date 2 and relatable to the Wealth Business Undertaking (“**Transferred Wealth Business Liabilities**”) shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company 2 to the extent that they are outstanding as on the Appointed Date 2 and the Resulting Company 2 shall meet, discharge and satisfy the same. The term “**Transferred Wealth Business Liabilities**” shall include:

22.6.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Wealth Business Undertaking;

22.6.2 the specific loans or borrowings (including debentures bonds, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Wealth Business Undertaking); and

22.6.3 in cases other than those referred to in Clauses 22.6.1 or 22.6.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Wealth Business Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date 2.

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 2 in relation to the Demerged Company shall not be transferred as part of the Wealth Business Undertaking to Resulting Company 2.

22.7 In so far as any Encumbrance in respect of Transferred Wealth Business 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 2. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the Transferred Wealth Business 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 Wealth Business Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company 2 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.

22.8 Taxes, if any, paid or payable by the Demerged Company after the Appointed Date 2 and specifically pertaining to Wealth Business Undertaking shall be treated as paid or payable by the Resulting Company 2 and the Resulting Company 2 shall be entitled to claim the credit, refund or adjustment for the same as may be applicable.

22.9 If the Demerged Company is entitled to any unutilized credits (including balances or advances), benefits under the incentive schemes and policies including tax holiday or concessions relating to the Wealth Business Undertaking under any Tax Laws or Applicable

Laws, the Resulting Company 2 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.

- 22.10 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company 2 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.
- 22.11 Subject to Clause 22 and any other provisions of the Scheme, any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Wealth Business Undertaking, the Demerged Company shall, if so required by the Resulting Company 2, issue notices in such form as the Resulting Company 2 may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company 2, 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 2 and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 22.12 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 Wealth Business Undertaking, have been replaced with that of the Resulting Company 2, the Resulting Company 2 shall be entitled to maintain and operate the 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 2. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Wealth Business Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company 2 and credited to the account of the Resulting Company 2, if presented by the Resulting Company 2.
- 22.13 Without prejudice to the provisions of the foregoing sub clauses of this Clause 22, and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company 2 shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Resulting Company 2 may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person to give effect to the Scheme.

23. PERMITS

- 23.1 With effect from the Appointed Date 2, Permits relating to the Wealth Business Undertaking shall be transferred to and be vested in the Resulting Company 2 and the concerned licensor and grantors of such Permits shall endorse where necessary, and record the Resulting Company 2 on such Permits so as to empower and facilitate the approval and vesting of the Wealth Business Undertaking in the Resulting Company 2 and continuation of operations pertaining to the Wealth Business Undertaking in the Resulting Company 2 without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Resulting Company 2 without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Resulting Company 2 as if the same were originally given by, issued to or executed in favour

of the Resulting Company 2 and the Resulting Company 2 shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company 2.

- 23.2 The benefit of all Permits pertaining to the Wealth Business Undertaking shall without any other order to this effect, transfer and vest into and become available to the Resulting Company 2 pursuant to the sanction of this Scheme.

24. CONTRACTS

- 24.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments in relation to the Wealth Business Undertaking, to which the Demerged Company is a party and which is subsisting or having effect on or immediately before the Appointed Date 2 shall remain in full force and effect against or in favour of the Resulting Company 2 and shall be binding on and be enforceable by and against the Resulting Company 2 as fully and effectually as if the Resulting Company 2 had at all material times been a party or beneficiary or obligee thereto. The Resulting Company 2 will, if required, enter into a novation agreement in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above and, if required, cause such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above to be formally taken on record/ recognised by the Appropriate Authorities.

- 24.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Wealth Business Undertaking occurs by virtue of this Scheme, the Resulting Company 2 may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date 2, the Resulting Company 2 shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company.

- 24.3 On and from the Effective Date, and thereafter, the Resulting Company 2 shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Demerged Company, in relation to or in connection with the Wealth Business Undertaking, in the name of the Resulting Company 2 in so far as may be necessary until the transfer of rights and obligations of the Wealth Business Undertaking to the Resulting Company 2 under this Scheme have been given effect to under such contracts and transactions.

25. EMPLOYEES

- 25.1 On Part IV of the Scheme becoming effective, all employees of the Demerged Company in service on the Effective Date, engaged in or in relation to the Wealth Business Undertaking, shall be deemed to have become employees of the Resulting Company 2 with effect from the Appointed Date 2 or their respective joining date, whichever is later, on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company. The Resulting Company 2 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 2 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 Wealth Business Undertaking shall be made by the Demerged Company, and shall be final and binding on all concerned.

25.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such gratuity fund and superannuation funds nominated by the Resulting Company 2 and/ or such new 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 2. Pending the transfer as aforesaid, the gratuity fund and superannuation fund dues of the said employees would be continued to be deposited in the existing gratuity fund and superannuation fund respectively of the Demerged Company.

25.3 As far as provident fund is concerned, the balances standing to the credit of the said employees in the existing provident fund of the Demerged Company shall be retained in such provident fund and such provident fund shall be continued for the benefit of: (a) the said employees who are transferred to the Resulting Company 2, as aforesaid, and (b) other employees of the Demerged Company. In relation to said employees being transferred, the Resulting Company 2 shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions thereof. The rules of such existing provident fund shall stand amended accordingly. The employees of the Demerged Company engaged in or in relation to the Wealth Business Undertaking who are transferred to the Resulting Company 2, as aforesaid, shall be deemed to constitute a separate class of employees of the Resulting Company 2 for the purpose of compliance with the provisions of the EPF Act

25.4 Employee stock options:

25.4.1 Upon the coming into effect of Part IV of the Scheme, the Resulting Company 2 shall formulate new employee stock option scheme/(s) by adopting the IIFL ESOS of the Demerged Company, as modified in accordance with the variations mentioned in this Clause 25.4;

25.4.2 With respect to the stock options granted by the Demerged Company to the employees of the Demerged Company or its subsidiaries (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company 2 or its subsidiaries pursuant to this Scheme) under the IIFL ESOS; and upon the Scheme becoming effective, the said employees shall be granted 1 (One) stock option by the Resulting Company 2 under the new scheme(s) for every 7 (Seven) stock options held in the Demerged Company, whether the same are vested or not on terms and conditions similar to the IIFL ESOS;

25.4.3 The stock options granted by the Demerged Company under the IIFL ESOS would continue to be held by the employees concerned (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company 2 or its subsidiaries). Upon coming into effect of the Scheme, the Demerged Company shall take necessary steps to modify the IIFL ESOS in a manner considered appropriate and in accordance with the applicable laws,

in order to enable the continuance of the same in the hands of the employees who become employees of the Resulting Company 2 or its subsidiaries, subject to the approval of the Stock Exchange and the relevant regulatory authorities, if any under Applicable Law;

- 25.4.4 The existing exercise price of the stock options of the Demerged Company shall be modified and the Board of the Demerged Company shall determine the exercise price consequent to the demerger. The Board of the Resulting Company 2 shall determine the exercise price of the stock options issued by the Resulting Company 2 in lieu of stock options granted under IIFL ESOS. The Board of the Demerged Company and the Resulting Companies shall ensure that the terms of the employee stock options granted under stock option plans of the respective companies in lieu of the options held in IIFL ESOS and any adjustment to the exercise price of stock options granted under IIFL ESOS are not less favourable than existing terms of the stock options granted under IIFL ESOS;
- 25.4.5 While granting stock options, the Resulting Company 2 shall take into account the period during which the employees held stock options granted by the Demerged Company prior to the issuance of the stock options by the Resulting Company 2, for determining of minimum vesting period required for stock options granted by the Resulting Company 2, subject to applicable laws;
- 25.4.6 The Resulting Companies and the Transferee Company 1 shall reimburse each other for cost debited to the profit & loss account or any suspense / subsidy account, subsequent to the Appointed Date 2, in relation to stock options issued to employees of the other company or its subsidiaries, if necessary and required;
- 25.4.7 The Board of the Demerged Company and Resulting Company 2 may provide cash compensation, if required, to the employees of the Demerged Company holding stock options in the Demerged Company in order to provide fair treatment if the effect from Clauses 25.4.1 to 25.4.6 are deemed insufficient by the Board of the Demerged Company and the Resulting Company 2; and
- 25.4.8 The Board of the Demerged Company and Resulting Company 2 shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 25.4. Approval granted to the Scheme by the shareholders of the Demerged Company and the Resulting Company 2 shall also be deemed to be approval granted to any modifications made to the IIFL ESOS of the Demerged Company and approval granted to the new employee stock option scheme to be adopted by the Resulting Company 2, respectively.

26. LEGAL PROCEEDINGS

- 26.1 Upon the coming into effect of this Scheme, proceedings relating to the Wealth Business 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 2 with effect from the Effective 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.
- 26.2 The Resulting Company 2: (a) shall be replaced/ added as party to such proceedings relating to the Wealth Business Undertaking; and (b) shall prosecute or defend such proceedings at its

own cost and the liability of the Demerged Company shall consequently stand nullified. For the avoidance of doubt, it is clarified that only the Demerged Company shall be liable for the result of such order or judgment including any relief or positive impact/benefit or adverse impact/liability accruing from such order or judgment. It is clarified that except, as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any proceedings relating to the Wealth Business Undertaking that stand transferred to the Resulting Company 2.

27. CONSIDERATION

- 27.1 Upon Part IV of the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, the Resulting Company 2 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, 1 (One) fully paid up equity share of INR 2 (Indian Rupees Two) each of the Resulting Company 2 ("**Wealth Business Undertaking New Equity Shares**"), credited as fully paid up, for every 7 (Seven) equity shares of INR 2 (Indian Rupees Two) each of the Demerged Company held by such shareholder whose name is recorded in the register of members and records of the depository as members of the Demerged Company as on the Record Date. It is hereby clarified that no shares shall be issued by the Resulting Company 2 in respect of the shares held by the Demerged Company in the Resulting Company 2. The equity shares of the Resulting Company 2 to be issued and allotted as provided in Clause 27.1 above shall be subject to the provisions of the memorandum of association and articles of association of Resulting Company 2, as the case may be, and shall rank *pari passu* in all respects with any existing equity shares of Resulting Company 2, 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 Resulting Company 2.
- 27.2 In case any shareholder's shareholding in the Demerged Company is such that such shareholder becomes entitled to a fraction of an equity share of the Resulting Company 2, the Resulting Company 2 shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee nominated by the Board of Resulting Company 2 in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee may in its sole discretion decide and on such sale, shall pay to the Resulting Company 2, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon the Resulting Company 2 shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of Demerged Company in proportion to their respective fractional entitlements so sold by the trustee.
- 27.3 The issue and allotment of equity shares as provided in Clause 27.1, 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 2 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 2 and/ or the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of equity shares, as the case may be, pursuant to the aforesaid Clause 27.1.
- 27.4 The equity shares issued pursuant to Clause 27.1 shall be in dematerialized form unless otherwise notified in writing by a shareholder of the Demerged Company to the Resulting Company 2 on or before such date as may be determined by the Board of Demerged Company.

In the event that such notice has not been received by Resulting Company 2 in respect of any of the shareholders of Demerged Company, the equity shares, shall be issued to such shareholders in dematerialized form provided that the shareholders of Demerged Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that Resulting Company 2 has received notice from any shareholder that the equity shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company 2, then Resulting Company 2 shall issue the equity shares in physical form to such shareholder or shareholders.

- 27.5 In the event, the Parties restructure their equity share capital by way of share split/ consolidation/ issue of bonus shares during the pendency of the Scheme, the share exchange ratio, per Clause 27.1 above; shall be adjusted (including stock options) accordingly to consider the effect of any such corporate actions.
- 27.6 Resulting Company 2 shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The equity shares allotted by the Resulting Company 2 in terms of Clause 27.1 above, pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange. Further, there shall be no change in the shareholding pattern of Resulting Company 2 between the Record Date and the listing of its equity shares which may affect the status of approval of the Stock Exchanges.
- 27.7 Resulting Company 2 shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.
- 27.8 Notwithstanding anything contained under the Scheme, on or before the Effective Date, the Resulting Company 2 be and is hereby permitted to issue additional equity shares/ convertible instruments to one or more investors not being promoter(s) or persons acting in concert with the promoters of the Parties, aggregating to not more than 10% of the fully diluted share capital of the Resulting Company 2, by way of preferential allotment at fair value to be determined by an independent valuer, in accordance with the provisions of Applicable Law. It is clarified that, for the purposes of computing the minimum public shareholding requirement of 25% (twenty five per cent) under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 and the SEBI Circular, the equity shares/ convertible instruments so issued to such investors shall be excluded while computing the minimum public shareholding requirement of 25% (twenty five per cent). The equity shares so issued to such investors shall rank *pari-passu* with the existing equity shares and Wealth Business Undertaking New Equity Shares.

28. ACCOUNTING TREATMENT BY THE DEMERGED COMPANY AND THE RESULTING COMPANY 2 IN RESPECT OF THEIR RESPECTIVE BOOKS OF ACCOUNTS

28.1 Accounting treatment in the books of the Demerged Company:

28.1.1 The Demerged Company shall, upon the Scheme becoming effective, reduce the assets and liabilities of the Wealth Business Undertaking vested in the Resulting Company 2 pursuant to this Scheme at their respective book values as appearing on the Effective Date;

- 28.1.2 Inter-company balances and transaction between the Resulting Company 2 and the Wealth Business Undertaking of the Demerged Company, if any, including inter-company investments, will stand cancelled; and
- 28.1.3 The difference being the excess of the book value of assets over the book value of the liabilities pertaining to the Wealth Business Undertaking and demerged from the Demerged Company pursuant to this Scheme after giving effect to Clause 28.1.2 shall be adjusted to capital reserve of the Demerged Company.
- 28.2 Accounting treatment in the books of the Resulting Company 2:
- 28.2.1 Upon the coming into effect of this Scheme, the Resulting Company 2 shall record the assets and liabilities of the Wealth Business Undertaking at their respective book values, as on the Effective Date in the books of the Demerged Company;
- 28.2.2 The Resulting Company 2 shall credit to its share capital account, the aggregate face value of the Wealth Business Undertaking New Equity Shares issued by it pursuant to Clause 27.1 of this Scheme;
- 28.2.3 Inter-company balances and transaction between the Resulting Company 2 and the Wealth Business Undertaking of the Demerged Company, if any, including inter-company investments will stand cancelled;
- 28.2.4 The difference between value of assets and liabilities of the Wealth Business Undertaking as recorded by the Resulting Company 2 after considering effect of clause 28.2.2 and clause 28.2.3 shall be adjusted as capital reserve; and
- 28.2.5 When the financial statements will be prepared under 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.

PART V

AMALGAMATION OF TRANSFEROR COMPANY 2 WITH TRANSFEREE COMPANY 1

29. TRANSFER OF ASSETS AND LIABILITIES

- 29.1 With effect from the Appointed Date 2 and subject to the provisions of this Scheme and pursuant to Section 232 of the Act and Section 2(1B) of the IT Act, the Transferor Company 2 shall stand amalgamated with the Transferee Company 1 as a going concern and all assets, liabilities, contracts, arrangements, employees, permits, licences, records, approvals, etc. of the Transferor Company 2 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 1, so as to become as and from the Appointed Date 2, the assets, liabilities, contracts, arrangements, employees, permits, licences, records, approvals, etc. of the Transferee Company 1 by virtue of, and in the manner provided in this Scheme.
- 29.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, upon Part V of the Scheme becoming effective and with effect from the Appointed Date 2:

- 29.2.1 with respect to the assets of the Transferor Company 2 that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/ or delivery, the same may be so transferred by the Transferor Company 2 by operation of law without any further act or execution of an instrument with the intent of vesting such assets with the Transferee Company 1 as on the Appointed Date 2;
- 29.2.2 subject to Clause 29.2.3 below, with respect to the assets of the Transferor Company 2, other than those referred to in Clause 29.2.1 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 2 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 1, with effect from the Appointed Date 2, by operation of law as transmission or as the case may be in favour of the Transferee Company 1;
- 29.2.3 without prejudice to the aforesaid, all the immovable property (including but not limited to the land, buildings, offices, sites, tenancy rights related thereto, and other immovable property, including accretions and appurtenances), whether or not included in the books of the Transferor Company 2, whether freehold or leasehold (including but not limited to any other document of title, rights, interest and easements in relation thereto, and any shares in cooperative housing societies associated with such immoveable property) shall stand transferred to and be vested in the Transferee Company 1, as successor to the Transferor Company 2, without any act or deed to be done or executed by the Transferor Company 2, as the case may be and/ or the Transferee Company 1;
- 29.2.4 notwithstanding anything contained in this Scheme, the immovable properties of the Transferor Company 2 situated within the state of Gujarat and such other states, whether owned or leased, for the purpose *inter alia* of payment of stamp duty, and vesting unto the Transferee Company 1 and if the Transferee Company 1 so decide, the concerned parties, whether executed before or after the Effective Date, shall execute and register or cause so to be done, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Transferee Company 1 in respect of such immovable properties. Each of the immovable properties, only for the payment of stamp duty, shall be deemed to be conveyed at a consideration being the fair market value of such properties (arrived at by a government approved independent valuer). The execution of such conveyance shall form an integral part of the Scheme;
- 29.2.5 all debts, liabilities, duties and obligations (debentures, bonds, notes or other debt securities) of the Transferor Company 2 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 1, so as to become on and from the Appointed Date 2, the debts, liabilities, duties and obligations of the Transferee Company 1 on the same terms and conditions as were applicable to the Transferor Company 2, 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 29;

- 29.2.6 the vesting of the entire undertaking of the Transferor Company 2, 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 of Transferor Company 2 or part thereof on or over which they are subsisting on and vesting of such assets in Transferee Company 1 and no such Encumbrances shall extend over or apply to any other asset(s) of Transferee Company 1. Any reference in any security documents or arrangements (to which Transferor Company 2 is a party) related to any assets of Transferor Company 2 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 Transferee Company 1. Similarly, Transferee Company 1 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 Transferor Company 2 shall not extend or be deemed to extend or apply to the assets so vested;
- 29.2.7 Taxes, if any, paid or payable by the Transferor Company 2 after the Appointed Date 2 shall be treated as paid or payable by the Transferee Company 1 and the Transferee Company 1 shall be entitled to claim the credit, refund or adjustment for the same as may be applicable;
- 29.2.8 if the Transferor Company 2 is entitled to any unutilized credits (including balances or advances), benefits, subsidies, grants, special status and other benefits or privileges of whatsoever nature under the incentive schemes and policies including tax holiday or concessions under any Tax Laws or Applicable Laws, the Transferee Company 1 shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits as the case may be automatically without any specific approval or permission;
- 29.2.9 upon Part V of the Scheme becoming effective, the Transferor Company 2 and / or the Transferee Company 1 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;
- 29.2.10 it is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferor Company 2, shall, if so required by the Transferee Company 1, issue notices in such form as the Transferee Company 1 may deem fit and proper stating that pursuant to the Tribunal 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 1, as the person entitled thereto, to the end and intent that the right of the Transferor Company 2, to recover or realise the same, stands transferred to the Transferee Company 1 and that appropriate entries should be passed in their respective books to record the aforesaid changes;
- 29.2.11 On and from the Effective Date and till such time that the name of the bank accounts of the Transferor Company 2 has been replaced with that of the Transferee Company,

the Transferee Company 1 shall be entitled to maintain and operate the bank accounts of the Transferor Company 2 in the name of the Transferor Company 2 and for such time as may be determined to be necessary by the Transferee Company 1. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company 2 after the Effective Date shall be accepted by the bankers of the Transferee Company 1 and credited to the account of the Transferee Company 1, if presented by the Transferee Company 1; and

29.2.12 without prejudice to the foregoing provisions of Clause 29.2, and upon the effectiveness of Part V of the Scheme, the Transferor Company 2, and the Transferee Company 1 shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Transferee Company 1 may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person, to give effect to the above provisions.

30. PERMITS

With effect from the Appointed Date 2, all the Permits held or availed of by, and all rights and benefits that have accrued to, the Transferor Company 2, pursuant to the provisions of Section 232 of the Act, shall without any further act, instrument or deed, be transferred to, and vest in, or be deemed to have been transferred to, and vested in, and be available to, the Transferee Company 1 so as to become as and from the Effective Date, the Permits, estates, assets, rights, title, interests and authorities of the Transferee Company 1 and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Laws. Upon the Appointed Date 2 and until the Permits are transferred, vested, recorded, effected, and/ or perfected, in the record of the Appropriate Authority, in favour of the Transferee Company 1, the Transferee Company 1 is authorized to carry on business in the name and style of the Transferor Company 2 and under the relevant license and/ or permit and/ or approval, as the case may be, and the Transferee Company 1 shall keep a record and/ or account of such transactions.

31. CONTRACTS

31.1 Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature, subsisting or having effect on or immediately before the Appointed Date 2, to which the Transferor Company 2 is a party shall remain in full force and effect against or in favour of the Transferee Company 1 and shall be binding on and be enforceable by and against the Transferee Company 1 as fully and effectually as if the Transferee Company 1 had at all material times been a party thereto. The Transferee Company 1 will, if required, enter into novation agreement(s) in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above. Any *inter-se* contracts between the Transferor Company 2 on the one hand and the Transferee Company 1 on the other hand shall stand cancelled and cease to operate upon the effectiveness of Part V of this Scheme.

31.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the assets and liabilities of the Transferor Company 2 occurs by virtue of this Scheme, the Transferee Company 1 may, at any time after Part V of the Scheme coming into

effect, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company 2 is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. The Transferee Company 1 shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company 2 to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company 2.

- 31.3 On and from the Effective Date, and thereafter, the Transferee Company 1 shall be entitled to complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Company 2 in the name of the Transferor Company 2 in so far as may be necessary until the transfer of rights and obligations of the Transferor Company 2, to the Transferee Company 1 under this Scheme has been given effect to under such contracts and transactions.

32. EMPLOYEES

- 32.1 On Part V of the Scheme becoming effective, all employees of the Transferor Company 2 in service on the Effective Date (except for the employees part of the Demerged Undertakings), shall be deemed to have become employees of the Transferee Company 1 with effect from the Appointed Date 2 or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company 1 shall not be less favourable than those applicable to them with reference to the Transferor Company 2 on the Effective Date. The Transferee Company 1 undertakes to continue to abide by any agreement/settlement, if any, validly entered into by the Transferor Company 2 with any union/employee of the Transferor Company 2 recognized by the Transferor Company 2. It is hereby clarified that the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which the employees of the Transferor Company 2 are members shall be transferred to such provident fund, gratuity fund and superannuation fund of the Transferee Company 1 or to be established and caused to be recognized by the appropriate authorities, by the Transferee Company 1.
- 32.2 Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the employees of the Transferor Company 2 would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Transferor Company 2.
- 32.3 Upon transfer of the aforesaid funds to the respective funds of the Transferee Company 1, the existing trusts created for such funds by the Transferor Company 2 shall stand dissolved and no further act or deed shall be required to this effect. It is further clarified that the services of the employees of the Transferor Company 2 will be treated as having been continuous, uninterrupted and taken into account for the purpose of the said fund or funds.
- 32.4 Without prejudice to the aforesaid, the Board of the Transferee Company 1, if it deems fit and subject to applicable laws, shall be entitled to retain separate trusts or funds within the Transferee Company 1 for the erstwhile fund(s) of the Transferor Company 2.
- 32.5 Employee stock options:

- 32.5.1 upon the effectiveness of Part V of this Scheme, the India Infoline Finance ESOP shall automatically stand cancelled. Further and simultaneously with the cancellation of India Infoline Finance ESOP, the Transferee Company 1 shall issue such employees, holding options under the India Infoline Finance ESOP, stock options, on the terms and conditions not less favourable either under a distinct and separate employee incentive plan of the Transferee Company 1 formed and organized for granting incentives to such employees or by modifying the IIFL ESOS to provide for conditions which are not less favourable than India Infoline Finance ESOP (*hereinafter referred to as "India Infoline Finance ESOP - New"*);
- 32.5.2 to implement the above provisions of this Scheme, the Transferee Company 1 shall issue stock options, to such employees of the Transferor Company 2 in the following manner:
- for every 100 (One Hundred) options, whether vested or unvested, granted under India Infoline Finance ESOPs, the eligible employees of the Transferor Company 2 shall be issued 135 (One Hundred and Thirty Five) options under the India Infoline Finance ESOP – New.*
- 32.5.3 Fractional entitlements, if any, arising pursuant to the applicability of the issuance of options under India Infoline Finance ESOP - New shall be rounded off to the nearest higher integer;
- 32.5.4 the grant of options to the holders of options under India Infoline Finance ESOP pursuant to Clause 32.5 of this Scheme shall be effected as an integral part of the Scheme and the consent of the shareholders of the Transferee Company 1 to this Scheme shall be deemed to be their consent in relation to all matters pertaining to India Infoline Finance ESOP - New including without limitation for the purposes of creating the India Infoline Finance ESOP - New and all related matters. No further approval of the shareholders of the Transferee Company 1 would be required in this connection under any Applicable Law, including, without limitation, Section 62 of the Act or the Companies (Share Capital and Debenture) Rules, 2014;
- 32.5.5 it is hereby clarified that in relation to the options granted by the Transferee Company 1 to the eligible employees of the Transferor Company 2, the period during which the options granted by the Transferor Company 2 were held by or deemed to have been held by such eligible employees shall be taken into account for determining the minimum vesting period required under the Applicable Law or agreement or deed for stock options granted under the India Infoline Finance ESOP – New; and
- 32.5.6 the Boards of the Transferor Company 2 and the Transferee Company 1 or any of the committee(s) thereof, if any, shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 32.5 of the Scheme.

33. LEGAL PROCEEDINGS

If any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature (hereinafter called the "Proceedings") by or against the Transferor Company 2 be pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the amalgamation or of anything contained in this Scheme, but the Proceedings may be continued, prosecuted and

enforced by or against the Transferee Company 1 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 2 as if this Scheme had not been made. On and from the Effective Date, the Transferee Company 1 may initiate any legal proceeding for and on behalf of the Transferor Company 2.

34. CONSIDERATION

34.1 After effectiveness of the Part V of the Scheme and in consideration of and subject to other provisions of this Scheme, Transferee Company 1 shall, without any further application, act, deed, consent, instrument, issue and allot, to each shareholder of the Transferor Company whose name is recorded in the register of members of the Transferor Company on the Record Date, in the following proportion:

*“135 (One Hundred and Thirty Five) fully paid up equity shares of INR 2 (Indian Rupees Two) each of the Transferee Company 1 shall be issued and allotted, credited as fully paid up, for every 100 (One Hundred) equity shares of INR 10 (Indian Rupees Ten) each held in the Transferor Company 2.” (“**Transferee Company 1 New Equity Shares**”).*

*“135 (One Hundred and Thirty Five) fully paid up equity shares of INR 2 (Indian Rupees Two) each of the Transferee Company 1 shall be issued and allotted, credited as fully paid up, for every 100 (One Hundred) 0.01% compulsorily convertible preference share of INR 10 (Indian Rupees Ten) each held in the Transferor Company 2.” (“**Transferee Company 1 New Equity Shares**”).*

No shares shall be issued by the Transferee Company 1 in respect of the shares held by the Transferee Company 1 in the Transferor Company 2.

34.2 Upon Part V of this Scheme becoming effective, and in consideration of the Transferor Company 2 amalgamating into the Transferee Company 1, the equity shares held by the Transferee Company 1 on the Effective Date (held either directly or through its nominees) in the Transferor Company 2 shall be cancelled pursuant to this Scheme without any further application, act or deed.

34.3 The equity shares of the Transferee Company 1 to be issued and allotted as provided in Clause 34.1 above shall be subject to the provisions of the memorandum of association and articles of association of Transferee Company 1, as the case may be, and shall rank *pari passu* in all respects with the existing equity shares of Transferee Company 1, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached thereto.

34.4 In case any shareholder's shareholding in the Transferor Company 2 is such that such shareholder becomes entitled to a fraction of an equity share of Transferee Company 1, as the case may be, Transferee Company shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee(s) nominated by the Board of the Transferee Company 1 in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee(s) may in its sole discretion decide and on such sale, shall pay to Transferee Company 1, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon Transferee Company 1 shall, subject to withholding tax, if any, distribute such sale proceeds to the

concerned shareholders of the Transferor Company 2 in proportion to their respective fractional entitlements.

- 34.5 The issue and allotment of equity shares as provided in Clause 34, 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 Transferee Company 1 or Transferor Company 2 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 Transferee Company 1 and/ or the Transferor Company 2 to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of equity shares, as the case may be, pursuant to this Clause 34.5.
- 34.6 The Transferee Company 1 New Equity Shares issued pursuant to Clause 34.1 shall be in dematerialized form unless otherwise notified in writing by a shareholder of the Transferor Company 2 to Transferee Company 1 on or before such date as may be determined by the Board of Transferor Company 2. In the event that such notice has not been received by Transferee Company 1 in respect of any of the shareholders of Transferor Company 2, the equity shares, shall be issued to such shareholders in dematerialized form provided that the shareholders of Transferor Company 2 shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that Transferee Company 1 has received notice from any shareholder that the equity shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of Transferee Company 1, then Transferee Company 1 shall issue the equity shares in physical form to such shareholder or shareholders.
- 34.7 The Transferee Company 1 shall apply for listing of Transferee Company 1 New Equity Shares on the Stock Exchanges in terms of and in compliance of the SEBI Circular and other relevant provisions as may be applicable. The Transferee Company New Equity Shares allotted by the Transferee Company 1 in terms of Clause 34 above, pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchanges.
- 34.8 In the event, the Parties restructure their equity share capital by way of share split / consolidation/ issue of bonus shares during the pendency of the Scheme, the share exchange ratio as per Clause 34.1 above, shall be adjusted accordingly to consider the effect of any such corporate actions.
- 34.9 The Transferee Company 1 shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.
- 34.10 Notwithstanding anything contained under the Scheme, on or before the Effective Date, the Transferor Company 2 be and is hereby permitted to issue additional equity shares/ convertible instruments to one or more investors not being promoter(s) or persons acting in concert with the promoters of the Parties, aggregating to not more than 10% of the fully diluted share capital of the Transferor Company 2, by way of preferential allotment at fair value to be determined by an independent valuer, in accordance with the provisions of Applicable Law. It is clarified that, for the purposes of computing the minimum public shareholding requirement of 25% (twenty five per cent) under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 and the SEBI Circular, the equity shares/ convertible

instruments so issued to such investors shall be excluded while computing the minimum public shareholding requirement of 25% (twenty five per cent). The equity shares so issued to such investors shall rank *pari-passu* with the existing equity shares and Transferee Company 1 New Equity Shares.

35. ACCOUNTING TREATMENT BY THE TRANSFEEE COMPANY 1 IN ITS BOOKS OF ACCOUNTS

35.1 On the Scheme taking effect, the Transferee Company 1 shall account for amalgamation of the Transferor Company 2 with the Transferee Company 1 in its books of account as per the pooling of interest method in accordance with the accounting standards prescribed under section 133 of the Act with effect from the Appointed Date 2.

35.2 When the financial statements will be prepared under 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.

36. VALIDITY OF EXISTING RESOLUTIONS, ETC.

Upon the coming into effect of Part V of this Scheme, the resolutions/ power of attorney of/ executed by the Transferor Company 2, as are considered necessary by the Board of the Transferor Company 2, 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 the Transferee Company 1, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then such limits as are considered necessary by the Board of the Transferee Company 1 shall be added to the limits, if any, under like resolutions passed by the Transferee Company 1 and shall constitute the new aggregate limits for each of the subject matters covered under such resolutions/ power of attorneys for the purpose of Transferee Company 1.

37. COMBINATION OF AUTHORISED CAPITAL

37.1 Upon Part V of the Scheme becoming effective, the authorised share capital of the Transferee Company 1 shall stand increased without any further act, instrument or deed on the part of Transferee Company 1 including payment of stamp duty and fees to Registrar of Companies, by the authorised share capital of the Transferor Company 2 amounting to INR 8,950,000,000 (Indian Rupees Eight Hundred and Ninety Five Crore Only) and the Memorandum of Association and Articles of Association of the Transferee Company 1 (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 1 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 2 shall be utilized and applied to the increased authorized share capital of the Transferee Company 1 and there would be no requirement for any further payment of stamp duty and/or fee by the Transferee Company 1 for increase in the authorised share capital to that extent.

37.2 Clause V of the memorandum of association of the Transferee Company 1 shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 14, 61, 64, and other applicable provisions of the Act, and be replaced by the following Clause:

“The Authorised Share Capital of the Company is Rs. 971,05,00,000 (Rupees Nine Hundred and Seventy Five Crore Five Lakh only) divided into 235,52,50,000 (Two Hundred and Thirty Five Crore Fifty Two Lakh Fifty Thousand only) equity shares of Rs. 2 (Rupees Two) each and 50,00,00,000 (Fifty Crore only) preference shares of Rs. 10 each with such rights, privileges and conditions attached thereto as may be determined by the Board of Directors of the Company. The Company has and shall have always have the power to divide or to consolidate the share capital from time to time into several classes and to increase or reduce its capital from time to time and to vary, modify or abrogate any such rights, privileges or conditions attached to any class of shares in such manner as may for the time being be provided by the regulations of the Company.”

- 37.3 It is clarified that the approval of the members of the Transferee Company 1 to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum and Articles of Association of the Transferee Company 1 as may be required under the Act.

38. CHANGE OF NAME OF TRANSFEE COMPANY 1

- 38.1 Upon this Scheme becoming effective, the name of the Transferee Company 1 shall stand changed to ‘IIFL Finance Limited’ or such other name which is available and approved by the RoC, by simply filing the requisite forms with the Appropriate Authority and no separate act, procedure, instrument, or deed and registration fees shall be required to be followed under the Act.

- 38.2 Consequently, subject to Clause 38.1 above:

38.2.1 Clause I of the memorandum of association of the Transferee Company 1 shall without any act, act, procedure, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 232 and other applicable provisions of the Act, and be replaced by the following Clause:

“The name of the Company is IIFL Finance Limited.”

- 38.3 It is hereby clarified that, for the purposes of acts and events as mentioned in Clause 38.1 and 38.2, the consent of the shareholders of the Resulting Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned amendment and that no further resolution under Section 13, Section 14 or any other applicable provisions of the Act, would be required to be separately passed, nor any additional fees (including fees and charges to the relevant RoC) or stamp duty, shall be payable by the Resulting Company.

39. CHANGE IN CHARTER DOCUMENTS OF THE TRANSFEE COMPANY 1

- 39.1 With effect from the Appointed Date 2, the main object clause of the Memorandum of Association of the Transferee Company 1 shall be deemed to be altered and amended, without any further act or deed, to include the objects as required for carrying on the business activities of the Transferor Company 2 pursuant to the applicable provisions of the Act. Accordingly, the Memorandum of Association of the Transferee Company 1 shall be altered and amended and necessary revisions in numbering of the clauses inserted shall be carried out.

39.1.1 The following clauses shall replace the main object clause of the Memorandum of Association of the Transferee Company 1. The revised main object clause of the Transferee Company 1 shall read as under:

- “1. *To carry on the business of borrowing/lending money by way of pledge, mortgage, hypothecation, charge or otherwise with or without any securities to any person, individual, body-corporate, firm, organization, authority but the company shall not carry on banking business within the meaning of Banking Regulations Act, 1949.*
- 2. *To solicit and procure insurance business as Corporate Agent and to undertake such other activities as are incidental or ancillary thereto.*
- 2A. *To carry on the activities as investment company and to buy, sell, trade, invest, deal or to do broking in shares, stocks, debentures, bonds, derivatives, commodities, obligations, bills, securities, movable and immovable property and other investments.”*

39.1.2 The following clauses shall be added to the ancillary object clause of the Memorandum of Association of the Transferee Company 1.

- 3A. *To constitute, set up, establish and manage any trust/undertakings for venture capital and to subscribe, act, undertake, manage, execute, exercise all Powers of Trustee, executors, administrators, receivers, attorneys, nominees, representatives and agents and to manage funds of all kinds of trusts and to aid, counsel, assist, finance, protect, promote, and render periodic advice on investment, finance, taxation and to channelise, apply or invest funds from time to time in various forms of investments including shares, debentures, loans, convertibles or otherwise, any other type of instruments and to undertake and execute agencies and trusts of all kinds and to exercise all powers of custody and trust corporation anywhere in India or any part of the world.*
- 3B. *To establish with the object of financing industrial enterprises, ventures in India or any part of the world by lending or granting by way of loans, advances, grants, deposits, hire purchases, leasing finance or any other form with or without interest and / or without security or participation in the capital of industrial enterprises.*
- 3C. *To issue, implement, undertake, offer, distribute, or otherwise promote and operate the payment systems issuing pre-paid payment instruments to individuals/organizations including but not limited to issue a pre-paid cash wallet, mobile phone based pre-paid payment instruments, prepaid card and/or cash card to consumers, subject to requisite regulatory approvals.*
- 3D. *To carry on the business of manpower recruitment and placement, human resource consultancy and training of personnel for the purposes of the main objects of the company.*
- 32A. *To do all other forms of business which Government of India or Reserve Bank of India may specify as a form of business in which it is lawful for the non banking financing company to engage in, subject to requisite permission of the regulatory authorities.*
- 32B. *To carry on any other business (whether similar to any of the above mentioned business or not) which may seem to the Company capable of being*

conveniently carried on in connection with the above mentioned business calculated directly or indirectly to enhance the value of any of the company's business, property or rights.

32C. *To do all such other things as are incidental or conducive to the promotion or advancement of the business of the Company.”*

39.2 As an integral part of the Scheme, and, upon the coming into effect of the Scheme, without any further act or deed, the Articles of Association of the Transferee Company 1 be altered and amended to include such articles as stated in Schedule 2 to this Scheme.

39.3 For the purposes of the amendment of the Memorandum and Articles of Association of the Transferee Company 1 as provided in this Clause, the consent/ approval given by the members of the Transferee Company 1 to this Scheme pursuant to Section 232 of the Act and any other applicable provisions of the Act shall be deemed to be sufficient and no further resolution of members of the Transferee Company 1 as required under the applicable provisions of the Act shall be required to be passed for making such change/ amendment in the Memorandum and Articles of Association of the Transferee Company 1 and filing of the certified copy of this Scheme as sanctioned by the Tribunal, in terms of Section 230-232 of the Act and any other applicable provisions of the Act, together with the order of the Tribunal and a printed copy of the Memorandum and Articles of Association for the purposes of the applicable provisions of the Act and the RoC shall register the same and make the necessary alterations in the Memorandum of Association of the Transferee Company 1 accordingly and shall certify the registration thereof in accordance with the applicable provisions of the Act.

39.4 The Transferee Company 1 shall file with the RoC, all requisite forms and complete the compliance and procedural requirements under the Act, if any.

40. DISSOLUTION OF TRANSFEROR COMPANY 2

On Part V of this Scheme becoming effective, the Transferor Company 2 shall stand dissolved without winding up. On and from the Effective Date, the name of the Transferor Company 2 shall be struck off from the records of the concerned RoC.

PART VI

TRANSFER OF THE BROKING AND DEPOSITORY PARTICIPANT BUSINESS

41. TRANSFER AND VESTING OF THE BROKING AND DEPOSITORY PARTICIPANT BUSINESS UNDERTAKING

41.1 Upon Part VI of the Scheme becoming effective and with effect from Appointed Date 2, and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act and Section 2(42C) of the IT Act, the Broking and Depository Participant Business Undertaking along with all its assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. shall, without any further act, instrument or deed, of the Transferor Company 3 and transferred to and be vested in or be deemed to have been vested in the Transferee Company 2 as a going concern on a 'Slump Sale' basis, without any further deed or act, together with all its assets, properties, liabilities, rights, benefits and interests therein, subject to existing charges if any, thereon. The transfer of the Broking and Depository Participant Business Undertaking under this Scheme shall be in compliance with the IT Act specifically Section 2(42C), and other relevant sections as may be applicable.

- 41.2 In respect of such of the assets and properties forming part of the Broking and Depository Participant Business Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, or by endorsement and/ or delivery, the same shall stand transferred by the Transferor Company 3 upon coming into effect of this Scheme and shall, ipso facto and without any other order to this effect, become the assets and properties of the Transferee Company 2.
- 41.3 Subject to Clause 41.4 below, with respect to the assets of the Broking and Depository Participant Business Undertaking, other than those referred to in Clause 41.2 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, 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 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 3, 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 2, with effect from the Appointed Date 2 by operation of law as transmission or as the case may be in favour of Transferee Company 2. It is clarified that all client agreements and know your customer details, sub-broker/ authorised person agreement, agreements with Stock Exchanges, agreement with banks/ clearing member, vendor agreements and power of attorneys would get transferred to and vested in the Transferee Company 2, with effect from the Appointed Date 2 by operation of law as transmission, as the case may be, in favour of Transferee Company 2 and shall have been deemed to have been entered into by the Transferee Company 2. With regard to the licenses of the properties, the Transferee Company 2 will enter into novation agreements, if it is so required.
- 41.4 Without prejudice to the aforesaid, the Broking and Depository Participant Business Undertaking, including all immovable property, whether or not included in the books of the Transferor Company 3, whether freehold or leasehold (including but not limited to land, buildings, sites, tenancy rights related thereto, and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the Broking and Depository Participant Business Undertaking shall stand transferred to and be vested in the Transferee Company 2, without any act or deed to be done or executed by the Transferor Company 3 and/ or the Transferee Company 2.
- 41.5 The Transferor Company 3 shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Transferee Company 2 and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.
- 41.6 Upon effectiveness of Part VI of the Scheme, all debts, liabilities, loans, obligations and duties of the Transferor Company 3 as on the Appointed Date 2 and relating to the Broking and Depository Participant Business Undertaking (“**Broking and Depository Participant Business Liabilities**”) shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Transferee Company 2 to the extent that they are outstanding as on the Appointed Date 2 and the Transferee Company 2 shall meet, discharge and satisfy the same. The term “Broking and Depository Participant Business Liabilities” shall include:

- 41.6.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Broking and Depository Participant Business Undertaking;
- 41.6.2 the specific loans or borrowings (including debentures bonds, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Broking and Depository Participant Business Undertaking); and
- 41.6.3 in cases other than those referred to in Clauses 41.6.1 or 41.6.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Transferor Company 3, as stand in the same proportion which the value of the assets transferred pursuant to the transfer of the Broking and Depository Participant Business Undertaking bear to the total value of the assets of the Transferor Company 3 immediately prior to the Appointed Date 2.

However, the tax liabilities and tax demands or refunds received or to be received by the Transferor Company 3 for a period prior to the Appointed Date 2 in relation to the Transferor Company 3 shall not be transferred as part of the Broking and Depository Participant Business Undertaking to Transferee Company 2.

- 41.7 In so far as any Encumbrance in respect of Broking and Depository Participant Business 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 Transferee Company 2. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the Broking and Depository Participant Business 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 Broking and Depository Participant Business Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Transferee Company 2 pursuant to this Scheme and which shall continue with the Transferor Company 3, 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.
- 41.8 Taxes, if any, paid or payable by the Transferor Company 3 after the Appointed Date 2 and specifically pertaining to Broking and Depository Participant Business Undertaking shall be treated as paid or payable by the Transferee Company 2 and the Transferee Company 2 shall be entitled to claim the credit, refund or adjustment for the same as may be applicable.
- 41.9 If the Transferor Company 3 is entitled to any unutilized credits (including balances or advances), benefits under the incentive schemes and policies including tax holiday or concessions relating to the Broking and Depository Participant Business Undertaking under any Tax Laws or Applicable Laws, the Transferee Company 2 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.
- 41.10 Upon the Scheme becoming effective, the Transferor Company 3 and the Transferee Company 2 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.

- 41.11 Subject to clause 41 and any other provisions of the Scheme, any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Broking and Depository Participant Business Undertaking, the Transferor Company 3 shall, if so required by the Transferee Company 2, issue notices in such form as the Transferee Company 2 may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company 2, as the person entitled thereto, to the end and intent that the right of the Transferor Company 3 to recover or realise the same, stands transferred to the Transferee Company 2 and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 41.12 On and from the Effective Date and till such time that the name of the bank accounts of the Transferor Company 3, in relation to or in connection with the Broking and Depository Participant Business Undertaking, have been replaced with that of the Transferee Company 2, the Transferee Company 2 shall be entitled to maintain and operate the bank accounts of the Transferor Company 3, in the name of the Transferor Company 3 for such time as may be determined to be necessary by the Transferee Company 2. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company 3, in relation to or in connection with the Broking and Depository Participant Business Undertaking, after the Effective Date shall be accepted by the bankers of the Transferee Company 2 and credited to the account of the Transferee Company 2, if presented by the Transferee Company 2.
- 41.13 Without prejudice to the provisions of the foregoing sub clauses of this Clause 41, and upon the effectiveness of this Scheme, the Transferor Company 3 and the Transferee Company 2 shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Transferee Company 2 may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person to give effect to the Scheme.

42. PERMITS

- 42.1 With effect from the Appointed Date 2, Permits relating to the Broking and Depository Participant Business Undertaking shall be transferred to and vested in the Transferee Company 2 and the concerned licensor and grantors of such Permits shall endorse where necessary, and record the Transferee Company 2 on such Permits so as to empower and facilitate the approval and vesting of the Broking and Depository Participant Business Undertaking in the Transferee Company 2 and continuation of operations pertaining to the Broking and Depository Participant Business Undertaking in the Transferee Company 2 without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Transferee Company 2 without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Transferee Company 2 as if the same were originally given by, issued to or executed in favour of the Transferee Company 2 and the Transferee Company 2 shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company 2.
- 42.2 The benefit of all Permits pertaining to the Broking and Depository Participant Business Undertaking shall without any other order to this effect, transfer and vest into and become available to the Transferee Company 2 pursuant to the sanction of this Scheme.

43. CONTRACTS

- 43.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments in relation to the Broking and Depository Participant Business Undertaking, to which the Transferor Company 3 is a party and which is subsisting or having effect on or immediately before the Appointed Date 2 shall remain in full force and effect against or in favour of the Transferee Company 2 and shall be binding on and be enforceable by and against the Transferee Company 2 as fully and effectually as if the Transferee Company 2 had at all material times been a party or beneficiary or obligee thereto. The Transferee Company 2 will, if required, enter into a novation agreement in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above and, if required, cause such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above to be formally taken on record/ recognised by the Appropriate Authorities.
- 43.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Broking and Depository Participant Business Undertaking occurs by virtue of this Scheme, the Transferee Company 2 may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company 3 is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date 2, the Transferee Company 2 shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company 3 to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company 3.
- 43.3 On and from the Effective Date, and thereafter, the Transferee Company 2 shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Company 3, in relation to or in connection with the Broking and Depository Participant Business Undertaking, in the name of the Transferee Company 2 in so far as may be necessary until the transfer of rights and obligations of the Broking and Depository Participant Business Undertaking to the Transferee Company 2 under this Scheme have been given effect to under such contracts and transactions.

44. EMPLOYEES

- 44.1 On Part VI of the Scheme becoming effective, all employees of the Transferor Company 3 in service on the Effective Date, engaged in or in relation to the Broking and Depository Participant Business Undertaking, shall be deemed to have become employees of the Transferee Company 2, with effect from the Appointed Date 2 or their respective joining date, whichever is later, on the terms and conditions not less favourable than those on which they are engaged by the Transferor Company 3. The Transferee Company 2 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 3 with any of the aforesaid employees or union representing them. The Transferee Company 2 agrees that the services of all such employees with the Transferor Company 3 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. The decision on whether or not an employee is part of the Broking and

Depository Participant Business Undertaking, be decided by the Transferor Company 3, and shall be final and binding on all concerned.

- 44.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such gratuity fund and superannuation funds nominated by the Transferee Company 2 and/ or such new 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 2. Pending the transfer as aforesaid, the gratuity fund and superannuation fund dues of the said employees would be continued to be deposited in the existing gratuity fund and superannuation fund respectively of the Transferor Company 3.
- 44.3 As far as provident fund is concerned, the balances standing to the credit of the said employees in the existing provident fund of the Transferor Company 3 shall be retained in such provident fund and such provident fund shall be continued for the benefit of: (a) the said employees who are transferred to the Transferee Company 2, as aforesaid, and (b) other employees of the Transferor Company 3. In relation to said employees being transferred, the Transferee Company 2 shall stand substituted for the Transferor Company 3, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions thereof. The rules of such existing provident fund shall stand amended accordingly. The employees of the Transferor Company 3 engaged in or in relation to the Broking and Depository Participant Business Undertaking who are transferred to the Transferee Company 2, as aforesaid, shall be deemed to constitute a separate class of employees of the Transferee Company 2 for the purpose of compliance with the provisions of the EPF Act.

45. LEGAL PROCEEDINGS

- 45.1 Upon the coming into effect of this Scheme, proceedings relating to the Broking and Depository Participant Business 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 Transferee Company 2 with effect from the Effective Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company 3.
- 45.2 The Transferee Company 2: (a) shall be replaced/ added as party to such proceedings relating to the Broking and Depository Participant Business Undertaking; and (b) shall prosecute or defend such proceedings at its own cost and the liability of the Transferor Company 3 shall consequently stand nullified. For the avoidance of doubt, it is clarified that only the Transferor Company 3 shall be liable for the result of such order or judgment including any relief or positive impact/benefit or adverse impact/liability accruing from such order or judgment. It is clarified that except, as otherwise provided herein, the Transferor Company 3 shall in no event be responsible or liable in relation to any proceedings relating to the Broking and Depository Participant Business Undertaking that stand transferred to the Transferee Company 2.

46. CONSIDERATION

- 46.1 The lumpsum consideration for the transfer of the Broking and Depository Participant Business Undertaking would be equal to INR 16,58,00,000 crores (Rupees Sixteen Crore Fifty Eight Lakhs only).
- 46.2 The lumpsum consideration would be discharged by the Transferee Company 2 by cash/ cheque/ any other form of electronic payment mechanism, within a period of 30 days of the Effective Date.

47. ACCOUNTING TREATMENT BY THE TRANSFEROR COMPANY 3 AND THE TRANSFEEE COMPANY 2 IN RESPECT OF THEIR RESPECTIVE BOOKS OF ACCOUNTS

47.1 Accounting Treatment in the books of Transferor Company 3

- 47.1.1 The Transferor Company 3 shall reduce from its books, the book value of assets and liabilities, as on the Effective Date, transferred as part of Broking and Depository Participant Business Undertaking; and
- 47.1.2 The capital reserve account of the Transferor Company 3 shall be debited/credited with the difference between the value of net assets i.e. book values of assets as reduced by the liabilities pertaining to the Broking and Depository Participant Business Undertaking over the value of the lumpsum consideration receivable by the Transferor Company 3.

47.2 Accounting Treatment in the books of Transferee Company 2

- 47.2.1 Upon coming into effect of this Scheme and upon the arrangement becoming operative, the Transferee Company shall record the assets and liabilities comprised in the Broking and Depository Participant Business Undertaking transferred to and vested in it pursuant to this Scheme, at the book value as on the Effective Date;
- 47.2.2 The deficit or excess, if any, remaining after recording the aforesaid entry over the value of the lumpsum consideration payable to the Transferor Company 3 shall be adjusted by the Transferee Company 3 against the capital reserve account; and
- 47.2.3 When the financial statements will be prepared under 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.

PART VII

REDUCTION AND REORGANISATION OF SHARE CAPITAL OF THE RESULTING COMPANY 1

48. REDUCTION AND CANCELLATION OF EXISTING EQUITY SHARES OF THE RESULTING COMPANY 1

- 48.1 Immediately upon implementation of Part III of the Scheme and with effect from the Effective Date and upon allotment of equity shares by the Resulting Company 1, the entire paid up equity share capital, as on Effective Date, of the Resulting Company 1 ("**Resulting Company 1 Cancelled Shares**") shall stand cancelled, extinguished and annulled on and from the Effective

Date and the paid up equity capital of the Resulting Company 1 to that effect shall stand cancelled and reduced, which shall be regarded as reduction of share capital of the Resulting Company 1, pursuant to Section 66 of the Act as also any other applicable provisions of the Act.

- 48.2 The reduction of the share capital of the Resulting Company 1 shall be effected as an integral part of this Scheme itself, without having to follow the process under Sections 66 of the Act separately and the order of the Tribunal sanctioning this Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction.
- 48.3 On effecting the reduction of the share capital as stated in Clause 48.1 above, the share certificates in respect of the Resulting Company 1 Cancelled Shares held by their respective holders shall also be deemed to have been cancelled.
- 48.4 On the Effective Date, the Resulting Company 1 shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company 1 Cancelled Shares.
- 48.5 The capital reserve in the books of the Resulting Company 1 shall be increased to the extent of the amount of the Resulting Company 1 Cancelled Shares.
- 48.6 Notwithstanding the reduction in the equity share capital of the Resulting Company 1, the Resulting Company 1 shall not be required to add "And Reduced" as suffix to its name.

PART VIII

REDUCTION AND REORGANISATION OF SHARE CAPITAL OF THE RESULTING COMPANY 2

49. REDUCTION AND CANCELLATION OF CERTAIN EQUITY SHARES OF THE RESULTING COMPANY 1

- 49.1 Immediately upon implementation of Part IV of the Scheme and with effect from the Effective Date, the paid up equity share capital, as on Effective Date, of the Resulting Company 2 held by the Demerged Company ("**Resulting Company 2 Cancelled Shares**") shall stand cancelled, extinguished and annulled on and from the Effective Date and the paid up equity capital of the Resulting Company 2 to that effect shall stand cancelled and reduced, which shall be regarded as reduction of share capital of the Resulting Company 2, pursuant to Section 66 of the Act as also any other applicable provisions of the Act.
- 49.2 The reduction of the share capital of the Resulting Company 2 shall be effected as an integral part of this Scheme itself, without having to follow the process under Sections 66 of the Act separately and the order of the Tribunal sanctioning this Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction.
- 49.3 On effecting the reduction of the share capital as stated in Clause 49.1 above, the share certificates in respect of the Resulting Company 2 Cancelled Shares held by their respective holders shall also be deemed to have been cancelled.
- 49.4 On the Effective Date, the Resulting Company 2 shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company 2 Cancelled Shares.
- 49.5 The capital reserve in the books of the Resulting Company 2 shall be increased to the extent of the amount of the Resulting Company 2 Cancelled Shares.

- 49.6 Notwithstanding the reduction in the equity share capital of the Resulting Company 2, the Resulting Company 2 shall not be required to add “And Reduced” as suffix to its name.

PART IX

GENERAL TERMS & CONDITIONS

50. DIVIDENDS

- 50.1 The Transferor Companies, Transferee Companies, Demerged Company and Resulting Companies shall be entitled to declare and pay dividends, to their respective shareholders in respect of the accounting period ending 31 March 2018 and such future accounting periods in accordance with the dividend policy of the Parties and in ordinary course of business, whether interim or final. Any other dividend shall be recommended/ declared only by the mutual consent of the concerned Parties.

- 50.2 It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Transferor Companies, Transferee Companies, Demerged Company and/ or the Resulting Companies to demand or claim or be entitled to any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of the Transferor Companies, Transferee Companies, Demerged Company and/ or the Resulting Companies as the case may be, and subject to approval, if required, of the shareholders of the Transferor Companies, Transferee Companies, Demerged Company and/ or the Resulting Companies as the case may be.

51. CONDUCT OF BUSINESS UPTO THE EFFECTIVE DATE

- 51.1 With effect from the Appointed Date 1 and Appointed Date 2, as the case may be, and up to and including the Effective Date:

51.1.1 the Transferor Company 1, the Transferor Company 3 and Demerged Company (with respect to the Demerged Undertakings) 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 the respective Transferee Companies and Resulting Companies, as the case may be;

51.1.2 all profits or income arising or accruing to the Transferor Company 1, Transferor Company 3 and Demerged Company with respect to the Demerged Undertakings and all taxes paid thereon (including but not limited to advance tax, tax deducted 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 the Transferor Company 1, Transferor Company 2 and Demerged Company with respect to the Demerged Undertakings shall, for all purposes, be treated as and deemed to be the profits or income, taxes or losses, as the case may be, of the Transferee Companies and Resulting Companies, as the case may be; and

51.1.3 all loans raised and all liabilities and obligations incurred by the Transferor Company 1, Transferor Company 2 and Demerged Company with respect to the Demerged Undertakings after the Appointed Date 1 and Appointed Date 2 (as the case may be) 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 the Transferee Companies and Resulting Companies 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 the Transferee Companies and the Resulting Companies as the case may be.

51.2 With effect from the date of approval of the Scheme Board of the Parties and up to and including the Effective Date:

51.2.1 The Transferor Companies and the Demerged Company with respect to the Demerged Undertakings shall carry on their business with reasonable diligence and business prudence and in the same manner as it had been doing hitherto, and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for themselves or on behalf of its respective affiliates or associates or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal in any of its properties/assets, except:

- (a) when the same is expressly provided in this Scheme; or
- (b) when the same is in the ordinary course of business as carried on, as on the date of filing of this Scheme in the Tribunal; or
- (c) when written consent of the Transferee Companies and/ or Resulting Companies, as the case may be, has been obtained in this regard.

51.2.2 The Transferor Companies and the Demerged Company with respect to Demerged Undertakings shall not alter or substantially expand its business, or undertake (i) any material decision in relation to its business and affairs and operations other than that in the ordinary course of business; (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of business); and (iii) any new business, or discontinue any existing business or change the capacity of facilities other than that in the ordinary course of business, except with the written concurrence of the Transferee Companies and/ or Resulting Companies as the case may be;

51.2.3 The Transferor Companies and the Demerged Company with respect to Demerged Undertakings shall not vary the terms and conditions of employment of any of its employees, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken except with the written concurrence of the Transferee Company;

51.2.4 The Transferor Companies and the Demerged Company shall not amend its Memorandum of Association or Articles of Association, except with the written concurrence of the Transferee Companies or the Resulting Companies, unless required to be done pursuant to actions between the Appointed Date 1 and Appointed Date 2, as the case may be, and Effective Date expressly permitted under this Scheme; and

51.2.5 The Transferee Companies and Resulting Companies shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Companies and Resulting Companies may require to carry on the business

of the Transferor Companies and Demerged Company and to give effect to the Scheme.

51.3 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, the Transferee Companies and Resulting Companies 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 the Transferor Companies and demerger of the Demerged Undertakings, in accordance with the provisions of Sections 230 to 232 of the Act. The Transferee Companies and the Resulting Companies 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, the Transferee Companies and Resulting Companies 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 the Transferee Companies and Resulting Companies 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 the Transferee Companies and the Resulting Companies as the case may be. It is clarified that the Transferee Companies and Resulting Companies 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.

52. FACILITATION PROVISIONS

52.1 Immediately upon the Scheme being effective, the Parties shall enter into agreements as may be necessary, inter alia in relation to use by the Parties of office space, infrastructure facilities, information technology services, security personnel, trademarks and other intellectual property rights, legal, administrative and other services, etc. on such terms and conditions that may be mutually agreed between them.

52.2 It is clarified that approval of the Scheme by the shareholders of Demerged Company and Resulting Companies 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 Regulation 23 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that no separate approval of the of the Board or audit committee or shareholders shall be required to be sought by the Parties.

52.3 It is clarified that all guarantees provided by the Demerged Company in respect of the Demerged Undertakings and the Transferor Companies shall be valid and subsisting till adequate arrangements/ guarantees have been provided in respect of the same by the Resulting Companies or the Transferee Companies, as the case maybe.

53. PROPERTY IN TRUST

53.1 Notwithstanding anything contained in this Scheme, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom and pertaining to the Demerged Undertakings are transferred, vested, recorded, effected and/ or perfected, in the records of the Appropriate Authority(ies), regulatory bodies or otherwise, in

favour of the Resulting Companies or Transferee Companies, as the case maybe, the Resulting Companies and the Transferee Companies shall be 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 Authority(ies) and till such time as may be mutually agreed by the Demerged Company or the Transferor Companies and the Resulting Companies or the Transferee Companies, as the case may be, the respective Party will continue to hold the property and / or the asset, license, permission, approval as the case may be in trust on behalf of the Resulting Companies or the Transferee Companies, as the case may be.

54. APPLICATIONS/ PETITIONS TO THE TRIBUNAL

- 54.1 The Parties shall dispatch, make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal, under whose jurisdiction, the registered offices of the respective Parties are situated, for sanction of this Scheme under the provisions of Applicable Law, and shall apply for such approvals as may be required under Applicable Law and for dissolution of the Transferor Company 1 and Transferor Company 2 without being wound up.
- 54.2 The Parties shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals which the Demerged Company, Transferor Companies, Resulting Companies and Transferee Companies may require to own the assets and/ or liabilities of the Demerged Undertakings or the Transferor Companies, as the case may be, and to carry on the business of the Demerged Undertakings or Transferor Companies, as the case may be.

55. MODIFICATION OR AMENDMENTS TO THIS SCHEME

- 55.1 On behalf of the Demerged Company, each of the Transferor Companies, the Resulting Companies and the Transferee Companies, the Board of the respective companies acting themselves or through authorized persons, may consent jointly but not individually, on behalf of all persons concerned, to any modifications or amendments of this Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the Tribunal or any other Appropriate Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by all of them (i.e. the Boards of the Demerged Company, the Resulting Companies, the Transferor Companies and the Transferee Companies) and solve all difficulties that may arise for carrying out this Scheme and do all acts, deeds and things necessary for putting this Scheme into effect.
- 55.2 For the purpose of giving effect to this Scheme or to any modification thereof the Boards of the Demerged Company, the Transferor Companies, the Resulting Companies and the Transferee Companies acting themselves or through authorized persons may jointly but not individually, give and are jointly authorised to give such directions including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme. It is clarified that individual companies acting themselves or through authorized persons may individually approach the Tribunal or any other Appropriate Authority to seek clarifications for implementation of the Scheme.

55.3 It is clarified that if any modifications are required post satisfaction of the conditions precedent mentioned in Clause 56 and the Scheme having been made effective, the Effective Date shall not be affected by any such modifications that might be required to be made and the Effective Date for such modified Scheme shall be same as the date on which Scheme was made effective prior to the modifications.

56. CONDITIONS PRECEDENT

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

56.1.1 obtaining no-objection/ observation letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015;

56.1.2 approval of the Scheme by the requisite majority of each class of shareholders and creditors of the Transferor Companies, the Transferee Companies, the Demerged Company, and the Resulting Companies and such other classes of persons of the said Companies, if any, as applicable or as may be required under the Act and as may be directed by the Tribunal;

56.1.3 the Parties, as the case may be, complying with other provisions of the SEBI Circular, including seeking approval of the shareholders of the Demerged Company through e-voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders, of the Demerged Company, against it as required under the SEBI Circular. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957;

56.1.4 the sanctions and orders of the Tribunal, under Sections 230 to 232 read with Section 66 of the Act being obtained by the Transferor Companies, the Transferee Companies, the Demerged Company and the Resulting Companies;

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

56.1.6 The requisite consent, approval or permission of Appropriate Authority including SEBI, Stock Exchanges, depositories etc. or any other Person which by Applicable Law or contract, agreement may be necessary for the implementation of this Scheme.

56.2 Without prejudice to Clause 56.1 and subject to the satisfaction or waiver of the conditions mentioned in Clause 56.1 above, the Scheme shall be made effective in the order as contemplated below:

56.2.1 Part II of the Scheme shall be made effective subject to the satisfaction or waiver of conditions mentioned in Clause 56.1 by the Boards of the Transferor Company 1 and the Transferee Company 1;

56.2.2 Part III of the Scheme shall be made effective immediately after the implementation of Part II of the Scheme;

56.2.3 Part IV of the Scheme shall be made effective immediately after the implementation of Part II of the Scheme;

- 56.2.4 Part V of the Scheme shall be made effective immediately after the implementation of Part III and Part IV of the Scheme and after receipt of registration by Transferee Company 1 as a non-banking finance company from the RBI;
- 56.2.5 Part VI of the Scheme shall be made effective subject to the satisfaction or waiver of conditions mentioned in Clause 56.1 by the Boards of the Transferor Company 3 and the Transferee Company 2;
- 56.2.6 Part VII of the Scheme shall be made effective after the implementation of Part III of the Scheme; and
- 56.2.7 Part VIII of the Scheme shall be made effective after the implementation of Part IV of the Scheme.
- 56.3 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, titles or defences that the Demerged Company, the Transferor Companies, the Resulting Companies and/ or the Transferee Companies may have under or pursuant to all Applicable Laws.
- 56.4 On the approval of this Scheme by the shareholders of the Demerged Company, the Transferor Companies, the Transferee Companies and the Resulting Companies and such other classes of Persons of the said Companies, if any, pursuant to Clause 56.1.2, 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 demerger, amalgamation, capital reduction set out in this Scheme, related matters and this Scheme itself.
- 57. EFFECT OF NON-RECEIPT OF PERMITS AND MATTERS RELATING TO REVOCATION/ WITHDRAWAL OF THIS SCHEME**
- 57.1 The Demerged Company, the Transferor Companies, the Transferee Companies and the Resulting Companies acting through their respective Boards shall each be at liberty to withdraw from this Scheme: (a) in case any condition or alteration imposed by any Appropriate Authority is unacceptable to any of them; or (b) they are of the view that coming into effect of the respective parts to this Scheme could have adverse implications on the respective companies.
- 57.2 If this Scheme is not effective within such period as may be mutually agreed upon between the Demerged Company, the Transferor Companies, the Resulting Companies and the Transferee Companies through their respective Boards or their authorised representative, 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.
- 57.3 In the event of revocation/ withdrawal under Clause 57.1 or above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Demerged Company, the Transferor Companies, the Resulting Companies and the Transferee Companies 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 the Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

58. COSTS AND TAXES

All costs, charges and expenses (including, but not limited to, any Taxes and duties, registration charges, etc.) of the Parties, respectively in relation to carrying out, implementing and completing the terms and provisions of this Scheme and/ or incidental to the completion of this Scheme shall be paid by the Demerged Company and shall be allocated to each of the Resulting Companies in the agreed ratio.

59. OBSERVATIONS FROM STOCK EXCHANGES

BSE vide its observation letter dated 14 September 2018 and NSE vide its observation letter dated 11 September 2018 and 27 September 2018 require that the Scheme disclose the following:

59.1 Status of Mr. Kranti Sinha, independent director of Demerged Company and Resulting Company 1 and Mr. Arun Kumar Purwar, independent director of the Demerged Company, who appear in the defaulter list of RBI:

As mentioned by SEBI in their email dated 24 May 2018 to NSE and communicated by NSE to the Demerged Company, the name of Mr. Kranti Sinha is appearing in the defaulter list of RBI on account of him being the erstwhile director of Hindustan Motors Limited and the name of Mr. Arun Kumar Purwar is appearing in the defaulter list of RBI on account of him being the erstwhile director of C & C Constructions Limited and director of Jindal Steel and Power Limited. In this regard, it is clarified that, Mr. Kranti Sinha has resigned from directorship of Hindustan Motors Limited with effect from 9 May 2014 and Mr. Arun Kumar Purwar has resigned from directorship of C & C Constructions Limited with effect from 23 January 2015. Further, Mr. Arun Kumar Purwar has confirmed that Jindal Steel and Power Limited of which he is an independent director, has regularised all its accounts with banks/ financial institutions.

59.2 Disclosure of pending consent application of the Resulting Company 1

An enquiry notice dated 2 May 2017 was received by the Resulting Company 1 from SEBI, basis an inspection conducted by SEBI during the period between 30 January 2014 and 3 February 2014 covering period from 2011 to 2014. The matter relates to SEBI's observations for non-segregation of own funds from clients' funds, misuse of credit balance of clients' funds for debit balance clients' funds; and improper designation of the client bank account. The Resulting Company 1 had applied for the inspection of documents, which were relied upon by SEBI, in relation to issuance of the enquiry notice. Upon the receiving such documents, the Resulting Company 1 submitted reply to SEBI notice providing clarification with supporting documents and highlighting the corrective measures adopted and implemented including compliance with SEBI Circular on enhanced risk based supervision. During the period of three years beginning the date of conclusion of the onsite inspection, three supplementary reports were issued in this matter which have been suitably replied to. Further, a consent application was filed by on 16 January 2018 before SEBI and the same is pending before SEBI.

59.3 Disclosure of pending proceedings of RBI/ Pension Fund Regulatory and Development Authority ("PFRDA") on the companies involved in the Scheme:

Below is a summary of the pending proceedings of RBI/ Pension Fund Regulatory and Development Authority on the companies involved in the Scheme:

A direction dated 17 July 2018 was received by the Transferor Company 2 from PFRDA, listing out the required actions to be complied with, in regard to pending amount of INR 0.76 million by the subscriber's deposits with the Transferor Company 2 as registered Point of Presence for National Pension Scheme as on 31 March 2018. In this regard, the Transferor Company 2 had initiated the required compliances and due periodical reports are being submitted to PFRDA. The compliances on the direction are under progress.

Other than the above, there are no pending proceedings before RBI/ PFRDA on the companies involved in the Scheme.

SCHEDULE 1

LIST OF TRADEMARKS, COPYRIGHTS AND OTHER INTELLECTUAL RIGHTS PERTAINING TO THE SECURITIES BUSINESS UNDERTAKING

List of intellectual properties of the Demerged Company pertaining to the Securities Business Undertaking as on 31 December 2017 includes but is not limited to the following:

A. TRADEMARKS

Sr. No.	Description	Number	Class
1.		1639738	36
2.		1739407	36
3.		1787729	99
4.		1532482	36
5.		1609515	36
6.		1531520	36
7.		1531521	36
8.		1525940	36
9.		1665406	36
10.		1532481	36
11.	IT'S ALL ABOUT MONEY, HONEY!	1263965	36

Sr. No.	Description	Number	Class
12.		1263964	36
13.	When it's about money.. 	3769488	36
14.		3769487	36
15.	ZIDD MAT CHHODO	3261117	36
16.		3042993	36
17.	ADDITIONAL REPRESENTATION 	1664502	36

B. Any brand/ trademark/ patent and any other intellectual property right acquired/ created by the Demerged Company post 31 December 2017, pertaining to the Securities Business shall be a part of the Securities Business Undertaking

SCHEDULE 2

AMENDED ARTICLES OF ASSOCIATION OF TRANSFEEE COMPANY 1

Following new sub-articles be inserted in alphabetical order in Article 2 of the Articles of Association of the Transferee Company 1

“Affiliate” means, in relation to any Person, any entity Controlled, directly or indirectly, by that Person, any entity that Controls, directly or indirectly, that Person, or any entity under common Control with that Person or, in the case of a natural Person, any relative (as such term is defined in the Act) of such Person. For the purpose of this definition:

- (i) A holding or subsidiary company of any entity shall be deemed to be an Affiliate of that entity; and
- (ii) The Company shall be deemed not to be an Affiliate of the Investor;

“Control” means (including with correlative meaning, the terms **Controlled by** and **under common Control with**) the acquisition or control of more than 50% (Fifty Percent) of the voting rights or of the issued share capital of a Person or the right to appoint and/or remove all or the majority of the members of the board or other governing body of a Person, the power to direct or cause the direction of the management, and exercise significant influence on the management or policies of a Person, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, through Contract or otherwise;

“ESG” means environmental, social and governance matters;

“ESG Action Plan” means an environmental, social and governance action plan in the Agreed Form defining actions, responsibilities, budgets, deliverables, compliance indicators, and a timeframe for the measures required to remedy the known non-compliances with the ESG Requirements in the business activities of the Company, including the establishment of an appropriate ESG Management System, as may be amended with the approval of the Investor from time to time;

“ESG Policy” means the policy framed by the ESG Committee of the Company on ESG related matters;

“ESG Management System” means the part of the overall management system of the Group dedicated to the systematic and structured improvement of environmental, social and governance performance, targeted to identify and manage ESG risks and opportunities in both the Group’s activities and in the loan and investment appraisal and management processes, integrated in the Group’s organisational structure, planning activities, responsibilities, practices, procedures, processes and resources, which meets the ESG Requirements; and is satisfactory to the Investor;

“ESG Requirements” means, to the extent applicable to any Group Company, the requirements set out in the ESG Policy;

“Group” means all the Group Companies;

“Group Company” means the Company and any company which is at any time a Subsidiary of the Company;

“Investor” means CDC Group plc and its successors and assigns;

“Investor Director” has the meaning attributed to it in Article 224 below;

Following new Articles shall be inserted in the Articles of Association of the Transferee Company 1

- 145A Until such time that the Investor or his affiliates continue to beneficially own 8% of the equity share capital of the Company, the Investor may nominate 1 (One) director (Investor Director), who shall not be liable to retire by rotation. No Person, other than the Investor, shall have the power or right to remove and replace the Investor Director, unless such Investor Director has been removed due to any illegal/ immoral act, fraud or dishonesty. To the extent permissible the Act, the appointment of the Investor Director shall be by direct nomination by the Investor and any appointment or removal, unless the contrary intention appears, shall take effect from the date it is notified to the Company in writing. If the Act does not permit the Person nominated by the Investor to be appointed as a director or additional director of the Company merely by nomination by the Investor, the Board shall ensure that the Board forthwith (and in any event within 2 (Two) days of such nomination or at the next Board meeting, whichever is earlier) appoints such Person as a director or additional director, as the case may be, of the Company and further ensure that, unless the Investor changes or withdraws such nomination, such Person shall also be elected as a director of the Company at the next general meeting of the shareholders of the Company.
- 145B If the Investor ceases to hold 8% of the equity share capital of the Company, but holds at least 5% of the equity share capital of the Company, the Investor may, at any time, nominate an individual as an observer ("**Observer**") to the Board of the Company. Such Observer, subject to applicable laws shall have the right to attend any and all meetings of the Board and of all committees of the Board.
- 145C Subject to the applicable law, the Observer shall have the right to receive all information, notices and materials as shall be provided to the directors.
- 145D Subject to 145B above, the Investor Director shall be entitled to be a member of, or at the option of the Investor, an invitee on all the committees of the Board including the remuneration committee, ESG Committee and audit committee, each of which will remain constituted at all times.
- 169A The Company shall constitute a committee of the Board to formulate the ESG Policy, supervise the ESG Management System and to monitor the Company's overall compliance with the ESG Requirements and the ESG Action Plan (ESG Committee).
- 169B The ESG Committee shall comprise of a minimum of 2 (Two) directors and a maximum of 4 (Four) directors, including the Investor Director.
- 169C The ESG Committee shall have the ability to co-opt or invite persons (including persons who are not directors of the Company) to provide expertise, if required. The members of the ESG Committee shall be appointed with the Consent of the Investor.
- 169D The ESG Committee will reach decisions by a majority vote.