

SCHEME OF AMALGAMATION

OF

Utkarsh CoreInvest Limited...

Transferor Company

WITH

Utkarsh Small Finance Bank Limited...

Transferee Company

AND

THEIR RESPECTIVE SHAREHOLDERS

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

PREAMBLE

This Scheme of Amalgamation (the “**Scheme**”) is presented under Sections 230 to 232 of the Companies Act, 2013, the relevant Rules of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment or amendment thereof) for the amalgamation of **Utkarsh CoreInvest Limited** (“**Transferor Company**”) with **Utkarsh Small Finance Bank Limited** (“**Transferee Company**”) with effect from the Appointed Date (*defined hereinafter*) and upon effectiveness of the Scheme on the Effective Date (*defined hereinafter*). In addition, the Scheme also provides for various other matters, consequential or otherwise, integrally connected therewith.

1. Description of the Companies

1.1. Regulatory Framework

1.1.1. As per the SFB Guidelines (*defined below*) issued by the Reserve Bank of India (“**RBI**”), a company (including a Non-Banking Financial Company (“**NBFC**”)) that is owned and controlled by Indian residents is eligible as a promotor to set up a small finance bank either by: (a) converting into a small finance bank (from an NBFC); or (b) by setting up a subsidiary company to act as a small finance bank. Additionally, promoter’s minimum initial contribution in the paid-up equity capital of the small finance bank must at least be 40% (or at least 26% (subject to RBI’s approval) in case of conversion of an NBFC into a small finance bank).

1.1.2. At the time the SFB Guidelines came into effect, most of the eligible NBFCs had a diffused shareholding with no identifiable ‘promoter’. Accordingly, to meet the promoter’s minimum initial contribution requirement under the SFB Guidelines, majority of the eligible NBFCs opted for a two-tier holding structure (where the small finance bank is set-up as a subsidiary of a promoter NBFC) instead of converting into a small finance bank.

1.1.3. Under the two-tier holding structure, the promoter NBFC incorporates the small finance bank as its subsidiary and transfers only its microfinancing business into such subsidiary (while unwinding all other financing and non-financing businesses, if any). Further, in such cases, the holding / promoter NBFC is required to convert and re-register itself with the RBI as an NBFC in the Core Investment Company (“**CIC**”) category (while the subsidiary company is registered as a small finance bank). This model has also been followed in the instant case, where the Transferor Company (being the promoter NBFC) incorporated the Transferee Company to house its microfinance business (through a business transfer). The corporate history of the Transferor Company and Transferee Company has been set out below.

1.2. Utkarsh CoreInvest Limited – the Transferor Company

1.2.1. The Transferor Company is a public unlisted company, with its registered office at S-24/1-2, 4th Floor, Mahavir Nagar Orderly Bazar, near Mahavir Mandir, Varanasi, Uttar Pradesh – 221002, India having CIN: U65191UP1990PLC045609.

1.2.2. The Transferor Company was incorporated as a public company on 15 May 1990 under the erstwhile Companies Act, 1956 under the name and style ‘*Shre Pathrakali Finance Company*

Limited'. Subsequently, pursuant to a fresh certificate of incorporation dated 9 December 2009 the Transferor Company was converted into a private limited company under the name and style '*Shre Pathrakali Finance Company Private Limited*'.

- 1.2.3. On 11 February 2010 upon receipt of the fresh certificate of incorporation, the Transferor Company's name was changed to '*Utkarsh Micro Finance Private Limited*'. Subsequently, the RBI permitted the Transferor Company to commence operations as a non-deposit taking NBFC under Section 45 IA of the Reserve Bank of India Act, 1934 and issued a registration certificate dated 19 March 2010 bearing the number B-07-00781 to this effect. On 21 January 2014, the Transferor Company was registered with the RBI as NBFC Microfinance Institution (NBFC-MFI) and was issued a revised registration certificate with the same registration number (i.e., B-07-00781).
- 1.2.4. Pursuant to approval of the Central Government to convert the Transferor Company into a public limited company, on 24 June 2016 the jurisdictional registrar of companies issued a fresh certificate of incorporation for change in the Transferor Company's name to '*Utkarsh Micro Finance Limited*'.
- 1.2.5. On 7 October 2015, the Transferor Company received an in-principle approval from RBI to set up a small finance bank under the SFB Guidelines with certain conditions, which included a requirement to: (a) transfer all assets and liabilities pertaining to its microfinance business (except certain statutory assets, vehicle and statutory liabilities) to a subsidiary company; and (b) register itself as a NBFC-CIC.
- 1.2.6. Accordingly, the Transferor Company incorporated the Transferee Company as its subsidiary on 30 April 2016, and on 25 November 2016, the Transferor Company was granted an approval of the RBI and a license bearing number MUM:125 dated 25 November 2016 was issued by RBI to the Transferee Company to carry on the business of a small finance bank in India. Thereafter, the Transferor Company transferred all assets and liabilities pertaining to its microfinance business (except for certain statutory assets, vehicle and statutory liabilities), as a going concern by way of a slump sale, to the Transferee Company on 21 January 2017. Post this business transfer, the Transferor Company ceased to operate as an NBFC Microfinance Institution and was converted into an NBFC-CIC, with a new registration certificate bearing the number C-07-00781 dated 3 May 2018 issued by the RBI. Thereafter, the name of the Transferor Company was changed to '*Utkarsh CoreInvest Limited*', for which a fresh certificate of incorporation was issued by the jurisdictional registrar of companies on 11 October 2018.

1.3. Utkarsh Small Finance Bank Limited – the Transferee Company

- 1.3.1. Transferee Company was incorporated on 30 April 2016 under the Companies Act, 2013, and is a public listed company, with its registered office at Utkarsh Tower, NH - 31 (Airport Road) Sehmalpur, Kazi Sarai, Harhua, Varanasi, Uttar Pradesh – 221105, India having CIN: L65992UP2016PLC082804.

- 1.3.2. The Transferee Company is registered with the RBI as a small finance banking company under the provisions of the Banking Regulation Act, 1949 and holds a registration for operating as a small finance bank bearing number MUM:125 dated 25 November 2016 issued by RBI.
- 1.3.3. As specified above, the Transferee Company commenced its business of providing wide range of banking and financial services including retail banking with focus on micro-finance, lending to small businesses & MSMEs, loans for CV & CE, housing loans, loans to small corporates and financial institutions.
- 1.4. Shareholding pattern of the Transferor Company and the Transferee Company and the debt securities of the Transferee Company**
- 1.4.1. The Transferor Company does not have any promoter, and the entire paid-up equity share capital is held by public shareholders.
- 1.4.2. As on 6 September 2024, the Transferor Company holds 75,92,72,222 (seventy-five crore ninety-two lakhs seventy-two thousand two hundred twenty two) equity shares of face value INR 10/- (Indian Rupees ten) of the Transferee Company comprising of 68.95% of its paid-up share capital.
- 1.4.3. On 21 July 2023, the Transferee Company completed the process of initial public offer, pursuant to which its equity shares got listed on BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”) (hereinafter collectively referred to as the “**Stock Exchanges**”).
- 1.4.4. On 30 August 2018, 26 June 2020, and 28 June 2024, the Transferee Company has issued and allotted non-convertible debentures that are listed on the wholesale debt segment of the BSE, details of which are set out in **Part A** of **Annexure A**.

2. Description of the Scheme

This Scheme provides, *inter alia*, for the amalgamation of the Transferor Company with the Transferee Company with effect from the Appointed Date (*defined hereinafter*), by way of merger by absorption and dissolution of the Transferor Company without winding up and the issuance of the New Equity Shares (*defined hereinafter*) to the equity shareholders of the Transferor Company in accordance with the Share Swap Ratio (*defined hereinafter*), in the manner provided for in this Scheme and in compliance with the provisions of applicable law. The amalgamation of the Transferor Company into the Transferee Company shall be in full compliance with the conditions relating to “amalgamation” as provided under Section 2(1B) and other related provisions of the Income Tax Act, 1961 such that:

- (a) all the properties of the Transferor Company, immediately before the amalgamation, shall become the properties of the Transferee Company, by virtue of the amalgamation;
- (b) all the liabilities of the Transferor Company, immediately before the amalgamation, shall become the liabilities of the Transferee Company, by virtue of the amalgamation; and

- (c) shareholders of the Transferor Company holding not less than three-fourth in value of shares in the Transferor Company become shareholders of the Transferee Company, by virtue of the amalgamation.

3. Rationale of the Scheme

- 3.1. As per the SFB Guidelines and RBI Clarifications (*defined hereinafter*) read with the RBI Acquisition Directions (*defined hereinafter*), the promoter (in this case the Transferor Company) of a small finance bank (being the Transferee Company) is required to reduce its equity shareholding stake in the small finance bank to 40% within a period of 5 (five) years from the date of commencement of business operations by the small finance bank. Thereafter, the promoter's equity stake in such small finance bank is required to be further brought down to 26% within a period of 15 (fifteen) years from the date of commencement of business operations by the small finance bank.
- 3.2. Further, as per the RBI Clarifications, the promoter may elect to exit, or cease to be a promoter of, a small finance bank after expiry of 5 (five) years from the date of commencement of business operations by the small finance bank depending upon the RBI's regulatory and supervisory comfort and regulations issued by Securities and Exchange Board of India ("SEBI"). The RBI vide its letter dated 9 July 2021 issued to the 'Association of Small Finance Banks of India', had allowed the amalgamation of a holding company (being promoter company) into and with the small finance bank (being subsidiary of promoter company) as a mode of achieving such exit for the first time.
- 3.3. In view of the foregoing, and pursuant to Direction 7.1 of the RBI Acquisition Directions, the Transferee Company submitted its dilution plan to the RBI on 28 December 2023 for complying with the dilution requirements mentioned in paragraph 3.1 above (which included an option of a reverse merger of the Transferor Company into the Transferee Company). This dilution plan was acknowledged by the RBI on 9 February 2024 and thereafter, on 20 March 2024, the Transferee Company confirmed to the RBI that the board of directors of both the Transferee Company and the Transferor Company have, considering the option of such a reverse merger to be the most efficient mode of ensuring compliance with the RBI mandated dilution requirements, granted an in-principle approval to such proposed reverse merger.
- 3.4. This Scheme has been formulated in view of the foregoing, and consequent to the amalgamation as contemplated under the Scheme, and dissolution of the Transferor Company, the Transferor Company's shareholding in the Transferee Company would be reduced to nil and since none of the shareholders of the Transferor Company will qualify as a promoter of the Transferee Company, the Scheme will result in compliance with dilution requirements under the SFB Guidelines and the RBI Acquisition Directions as referred in paragraph 3.1 above.
- 3.5. The amalgamation of the Transferor Company with the Transferee Company would *inter-alia* have the following benefits:
 - (a) *The Scheme will result in compliance with the RBI mandated dilution requirements (under the SFB Guidelines and the RBI Acquisition Directions) in the most efficient manner.*

- (b) *The Scheme will create value for stakeholders including respective shareholders, and employees as it will lead to simplification of group structure, thereby resulting in reduction of multiplicity of legal and regulatory compliances and optimal utilization of common resources.*
- (c) *The Transferor Company currently carries on financial activity business in the nature of investments in bank deposits or other permissible securities (including shares of the Transferee Company) and derives its value primarily from its investment in the Transferee Company. Pursuant to the amalgamation, shareholders of the Transferor Company will receive shares of a listed company in lieu of their holdings in the Transferor Company.*

3.6. In view of the above, the Scheme will be beneficial and not prejudicial to the interests of the shareholders, creditors and other stakeholders of the Transferor Company and the Transferee Company. The Boards of Directors of the Transferee Company and the Transferor Company have accordingly formulated this Scheme pursuant to the provisions of Section 230 to 232 and other relevant provisions of the Companies Act, 2013.

4. Parts of the Scheme

The Scheme is divided into following three parts:

- (a) **Part I** – Definitions, Interpretation and Share Capital;
- (b) **Part II** – Amalgamation of Transferor Company with Transferee Company;
- (c) **Part III** - Dissolution of the Transferor Company and General Clauses, Terms and Conditions Applicable to the Scheme.

PART I

DEFINITIONS, INTERPRETATION AND SHARE CAPITAL

1. Definitions and Interpretation

In this Scheme, unless repugnant to the meaning or context thereof, (a) terms defined in the Preamble shall have the same meanings throughout this Scheme and (b) the following words and expressions, wherever used (including in the Preamble), shall have the following meanings:

- 1.1. **“Act” or “the Act”** means the Companies Act, 2013;
- 1.2. **“Amalgamated Undertaking(s)”** means and includes the entire business of the Transferor Company, as a going concern and shall include (without limitation):
 - (a) all assets and properties (whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent, in possession or reversion, of whatsoever nature and wherever situated) of the Transferor Company, including underlying movable and immovable properties, investments of all kinds, securitized assets, receivables and security receipts, all cash balances and deposits with banks, money at call and short notice, loans, advances, contingent rights or benefits, reserves, provisions, funds, benefits of all agreements, bonds, lands, buildings, structures and premises, whether leasehold or freehold (including offices, warehouses, factories) work-in-progress, current assets (including sundry debtors, bills of exchange, loans and advances), fixed assets, vehicles, furniture, fixtures, share of any joint assets, receivables, powers and facilities of every kind nature and description whatsoever, rights to use and avail of telephones, facsimile connections and installations, utilities, email, internet, leased line connections and installations, electricity and other services, cheques and other negotiable instruments (including post-dated cheques), benefit of assets or properties or other interest held in trust;
 - (b) all permits, registrations, rights, entitlements, licenses, permissions, approvals, subsidies, concessions, clearances, credits, awards, sanctions, allotments, quotas, no-objection certificates, subsidies, advantages, benefits and all other rights and facilities of every kind, nature and description whatsoever, authorities, consents, deposits, privileges, exemptions available to the Transferor Company;
 - (c) all tax, tax deferrals, tax credits, other claims under tax laws, incentives (including Tax incentives), benefits, tax exemptions, tax refunds (including those pending with any tax authority);
 - (d) all contracts, agreements, memoranda of undertakings, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, service agreements or other instruments (including all such contracts with customers and vendors, tenancies, and other assurances in favour of the Transferor Company or powers or authorities granted by or to the Transferor Company) of whatsoever nature along with any contractual rights and obligations, to which the Transferor Company is a party or to the benefit of which the

Transferor Company may be eligible, benefit of any security arrangements, expressions of interest whether under agreement or otherwise, and arrangements and all other interests of every kind, nature and description whatsoever enjoyed or conferred upon or held or availed by and all rights and benefits and which are subsisting or having effected immediately before the Appointed Date;

- (e) all intellectual property rights including patents, patent applications, copyrights, trade and service names, service marks, trademarks, domain names, internet registrations, designs and other intellectual property of any nature whatsoever, goodwill, belonging to or utilized for the business and activities of the Transferor Company;
- (f) all records, files, papers, computer programs, software licenses, manuals, data, catalogues, quotations, sales and advertising materials, list of present and former customers, suppliers and employees, customer credit information, customer pricing information, and other records whether in physical or electronic form belonging to or held by the Transferor Company;
- (g) all devices including but not limited to all terminal and other equipment, hardware, computers, mobile equipment, servers, machinery, and tools belonging to or utilized for the business and activities of the Transferor Company;
- (h) all present and contingent future liabilities of the Transferor Company including all debts, loans (whether denominated in rupees or a foreign currency), term deposits, time and demand liabilities, borrowings, bills payable, interest accrued and all other duties, liabilities, undertakings and obligations (including any postdated cheques or guarantees, letters of credit, letters of comfort or other instruments which may give rise to a contingent liability in whatever form); and
- (i) all Employees of the Transferor Company and the employee benefit funds of the Transferor Company, if any;

It is intended that the definition of Amalgamated Undertaking under this Clause 1.2 would enable the transfer of all properties, assets, rights, duties and liabilities of the Transferor Company into the Transferee Company pursuant to this Scheme;

- 1.3. “**Applicable Law(s)**” means any statute, law, regulation, ordinance, rule, judgment, rule of law, order, decree, ruling, by-law, approval of any Government Authority, directive, guideline, policy, clearance, requirement or other governmental restriction or any similar form of decision or determination by, or any interpretation or administration having the force of law of any of the foregoing by any Government Authority having jurisdiction over the matter in question, whether in effect as of the date of this Scheme or at any time thereafter;
- 1.4. “**Appointed Date**” means 1 April 2025, or such other date as may be approved by the Board of Directors of the Transferor Company and the Transferee Company, or such other date as may be fixed or approved by the Hon’ble National Company Law Tribunal or such other competent authority;

- 1.5. **“Board of Directors”** or **“Board”** in relation to Transferee Company or Transferor Company, as the case may be, means the respective board of directors of such company, and shall include any committee(s) duly constituted and authorized or individuals authorized for the purposes of matters pertaining to the amalgamation, this Scheme and/or any other matter relating thereto;
- 1.6. **“Clause”** and **“Sub Clause”** means relevant clauses or sub clauses set out in the Scheme;
- 1.7. **“Delegate”** has the meaning ascribed to this term in Clause 30.1;
- 1.8. **“Effective Date”** means the last of the dates on which all the conditions, matters and filings referred to in Clause 27 hereof have been fulfilled or waived and on which the certified copy or authenticated copy of the order sanctioning this Scheme passed by the Hon’ble NCLT is filed by the Transferor Company and Transferee Company with the ROC. Any references in this Scheme to the “date of coming into effect of this Scheme” or “Effectiveness of the Scheme” or “date of taking effect” shall mean the Effective Date;
- 1.9. **“Eligible Employees”** means the employees who are entitled to the Transferor Company Option Scheme established by the Transferor Company, to whom, as on the Effective Date, ESOPs have been granted, irrespective of whether the same are vested or not;
- 1.10. **“Employees”** means all the permanent staff, executives, workmen and employees of the Transferor Company who are on its payroll as on the Effective Date;
- 1.11. **“ESOPs”** means employee stock options;
- 1.12. **“Encumbrance”** means any mortgage, pledge, equitable interest, assignment by way of security, conditional sales contract, hypothecation, right of other persons, claim, security interest, encumbrance, title defect, title retention agreement, voting trust agreement, interest, option, lien, charge (whether fixed or floating), commitment, restriction or limitation of any nature whatsoever, including restriction on use, voting rights, transfer, receipt of income or exercise of any other attribute of ownership, right of setoff, any arrangement (for the purpose of, or which has the effect of, granting security), or any other security interest of any kind whatsoever, or any agreement, whether conditional or otherwise, to create any of the same; a contract to give or refrain from giving any of the foregoing; any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any person; and any adverse claim as to title, possession or use and the term “Encumber” shall be construed accordingly and the term “Encumbered” shall be construed accordingly;
- 1.13. **“Funds”** has the meaning ascribed to this term in Clause 11(d);
- 1.14. **“Government Authority(ies)”** means (a) the government of India; (b) any entity, authority or body exercising executive, legislative, judicial, regulatory, or administrative functions or pertaining to government, including any government owned industrial development body, governmental authority, agency, department, board, commission or instrumentality, or any subdivision thereof, any statutory body or commission to the extent that the rules, regulations and standards, requirements, procedures or orders of such entity, authority or body have the force of

Applicable Law; (c) any court, tribunal or judicial body; and (d) any securities exchange or body or authority regulating such securities exchange;

- 1.15. “**INR**” means Indian Rupees, the lawful currency of the Republic of India;
- 1.16. “**IT Act**” means the Income-Tax Act, 1961 as may be in force at the relevant time and as may be amended and/or substituted from time to time, including any rules, regulations, notifications and guidelines issued thereunder;
- 1.17. “**Liabilities**” has the meaning ascribed to this term in Clause 9(a);
- 1.18. “**LODR Regulations**” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 1.19. “**National Company Law Tribunal**” or “**NCLT**” or “**The Tribunal**” means the bench of the Hon’ble National Company Law Tribunal situated at Allahabad constituted under Section 408 read with Section 419 of the Act, having jurisdiction over the Transferor Company and the Transferee Company, to sanction the Scheme;
- 1.20. “**National Company Law Appellate Tribunal**” or “**NCLAT**” means the principal bench of the Hon’ble National Company Law Appellate Tribunal situated at New Delhi constituted under Section 410 of the Act, having jurisdiction over appeals against the orders of the NCLT;
- 1.21. “**NCDs**” means the non-convertible debentures issued and allotted by the Transferee Company and listed on the wholesale debt segment of the BSE, details of which are set out in **Part A of Annexure A**;
- 1.22. “**New Equity Shares**” means the fully paid-up equity shares of the Transferee Company issued in accordance with this Scheme, each having a face value of INR 10/- (Indian Rupees ten);
- 1.23. “**RBI Acquisition Directions**” means the Master Direction – Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, issued by RBI on 16 January 2023 read with the Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies, issued by RBI on 16 January 2023;
- 1.24. “**RBI Amalgamation Directions**” means the RBI (Amalgamation of Private Sector Banks) Directions, 2016 dated 21 April 2016;
- 1.25. “**RBI Approval**” means approval of the Scheme by the RBI in terms of the RBI Amalgamation Directions and certification from the RBI in terms of Section 44B(1) of the Banking Regulation Act, 1949;
- 1.26. “**RBI Clarifications**” means the clarifications dated 1 January 2015 issued by the RBI in relation to the queries on the SFB Guidelines;
- 1.27. “**Record Date**” means the date to be fixed by the Board of Directors of the Transferee Company, for the purpose of determining the shareholders of the Transferor Company to whom the New Equity Shares will be allotted by the Transferee Company in accordance with the Scheme;

- 1.28. **“Registrar of Companies” or “ROC”** means the Registrar of Companies, Kanpur;
- 1.29. **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Amalgamation in its present form as submitted to the NCLT with any modification(s) made under Clause 30 of the Scheme as approved or directed by the NCLT or such other competent authority, as may be applicable;
- 1.30. **“SEBI Debt Circular”** means Chapter XII of the master circular issued by SEBI dated 21 May 2024 bearing reference number SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/48 on listing obligations and disclosure requirements for Non-convertible Securities, Securitised Debt Instruments and/ or Commercial Paper;
- 1.31. **“SEBI Merger Circular”** means the master circular issued by SEBI dated 20 June 2023 bearing reference number SEBI/HO/CFD/POD-2/P/CIR/2023/93 on: (a) schemes of arrangement by listed entities, and (b) relaxation under sub rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, read with SEBI circular dated 3 January 2022 bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/003;
- 1.32. **“SFB Guidelines”** means the Guidelines for Licensing of Small Finance Banks in the Private Sector dated 27 November 2014 read with the Guidelines for ‘on-tap’ Licensing of Small Finance Banks in Private Sector dated 5 December 2019 issued by the RBI;
- 1.33. **“Share Swap Ratio”** has the meaning ascribed to this term in Clause 15.1;
- 1.34. **“Stock Exchange Approval”** means the no-objection/ no-adverse observation letter obtained by the Transferee Company from the Stock Exchanges in relation to the Scheme pursuant to Regulation 37 and 59A of the LODR Regulations read with the SEBI Merger Circular and the SEBI Debt Circular;
- 1.35. **“Tax” or “Taxes”** means any and all taxes (direct or indirect), surcharges, fees, levies, cess, duties, tariffs, imposts and other charges of any kind in each case in the nature of the foregoing, imposed by any Government Authority (whether payable directly or by withholding), including income tax, taxes on windfall or other profits, gross receipts, property, sales, severance or branch profits, customs duties, excise, CENVAT, withholding tax, self-assessment tax, advance tax, service tax, central goods and services tax, state goods and service tax, integrated goods and service tax, stamp duty, transfer tax, value-added tax, minimum alternate tax, securities transaction tax, and registration fees (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto);
- 1.36. **“Transferee Company Option Scheme”** means USFBL ESOP Plan 2020 of the Transferee Company; and
- 1.37. **“Transferor Company Option Scheme”** means the ESOP Plan 2016 and ESOP Plan 2010 of the Transferor Company.
- 1.38. **Interpretation**
- 1.38.1. All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act

and other Applicable Laws, rules, regulations, bye- laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.

1.38.2. In this Scheme (unless the context otherwise requires):

- (a) 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;
- (b) the singular shall include the plural and vice versa, and references to one gender shall include all genders;
- (c) the headings are inserted for convenience only and shall not affect the construction of this Scheme;
- (d) the word “including” means “including without limitation” and the words “include” or “includes” have similar meanings;
- (e) references to a person include any individual, firm, body corporate (whether or not incorporated), trust, government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives’ body (whether or not having a separate legal personality); and
- (f) reference to any statute or any statutory provisions shall be construed as meaning and including references also to any amendment or re-enactment (after the execution date) for the time being in force, as well as any subordinate legislation made from time to time under such statute.

2. Date of Taking Effect and Operative Date

- 2.1. Each part of the Scheme set out herein in its present form or with any modification(s) or amendment(s) made under Clause 30 of the Scheme shall, unless otherwise specified, be effective from the Appointed Date, but shall be operative from the Effective Date.
- 2.2. Notwithstanding anything to the contrary contained in this Scheme, for the purposes of Section 232(6) of the Act, the Scheme shall be deemed to come into effect from the Appointed Date as defined under Clause 1.4 of this Scheme and for which purpose, no other date, but the Appointed Date, would be relevant.

3. Share Capital

- 3.1 The share capital of the Transferor Company as per the audited financial statements as on 31 March 2024 is as under:

Particulars	Amount (INR)
Authorized Capital	

100,000,000 Equity Shares of INR 10/- each	1,000,000,000
Total	1,000,000,000
Issued and Paid-up Capital*	
98,744,490 Equity Shares of INR 10/- each, fully paid up	987,444,900
Total	987,444,900

3.2 The share capital of the Transferor Company as per the audited financial statements as on 30 June 2024 is as under:

Particulars	Amount (INR)
Authorized Capital	
100,000,000 Equity Shares of INR 10/- each	1,000,000,000
Total	1,000,000,000
Issued and Paid-up Capital*	
99,126,244 Equity Shares of INR 10/- each, fully paid up	991,262,440
Total	991,262,440

Subsequent to 30 June 2024, while there has been no change in the authorised share capital of the Transferor Company, pursuant to the exercise of outstanding ESOPs under the Transferor Company Option Scheme, on 2 July 2024 and on 2 August 2024 respectively, the Transferee Company has issued and allotted 92,309 and 16,461 equity shares of face value INR 10/- each.

The equity shares of the Transferor Company are not listed on any Stock Exchanges in India.

*The Transferor Company has outstanding ESOPs under the Transferor Company Option Scheme, the exercise of which may result in further increase in the issued and paid-up share capital of the Transferor Company. Details of the unexercised options under the Transferor Company Option Scheme as on 30 June 2024 are set out below:

Unexercised ESOPs under the ESOP Plan 2016	Vested / Unvested	Exercise price per option Amount (INR)
2,79,734	Unvested	125
2,39,738	Vested	109.36
4,88,961	Vested	125
Unexercised ESOPs under the ESOP Plan 2010	Vested / Unvested	Exercise price per option Amount (INR)
None	-	-

- 3.3 The share capital of the Transferee Company as per the audited financial statements as on 31 March 2024 is as under:

Particulars	Amount (INR)
Authorized Capital	
1,300,000,000 Equity Shares of INR 10/- each	13,000,000,000
200,000,000 Preference Shares of INR 10/- each	2,000,000,000
Total	15,000,000,000
Issued and Paid-up Capital*	
1,099,457,460 Equity Shares of INR 10/- each, fully paid up	10,994,574,600
Total	10,994,574,600

- 3.4 The share capital of the Transferee Company as per the unaudited financial statements as on 30 June 2024 is as under:

Particulars	Amount (INR)
Authorized Capital	
1800,000,000 Equity Shares of INR 10/- each	18,000,000,000
200,000,000 Preference Shares of INR 10/- each	2,000,000,000
Total	20,000,000,000
Issued and Paid-up Capital*	
1,100,142,960 Equity Shares of INR 10/- each, fully paid up	11,001,429,600
Total	11,001,429,600

Post 30 June 2024, the Transferee Company received: (a) the assent of its shareholders on 22 July 2024, and (b) the approval of the RBI on 8 August 2024, for increasing its authorized share capital to INR 20,000,000,000, divided into: (i) 1,800,000,000 equity shares of INR 10 each, and (ii) 200,000,000 preference shares of INR 10 each.

*The Transferor Company has outstanding ESOPs under the Transferee Company Option Plan, the exercise of which may result in further increase in the issued and paid-up share capital of the Transferee Company. Details of the unexercised options under the Transferee Company Option Scheme as on 30 June 2024 are set out below:

Unexercised ESOPs under USFBL ESOP Plan 2020	Vested / Unvested	Exercise price per option Amount (INR)
3,12,99,358	Unvested	14.01/27/30/31.80/44.14
52,13,227	Vested	27/30/31.80

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

- 3.5 The Transferee Company is a subsidiary of the Transferor Company wherein the latter holds 75,92,72,222 (seventy-five crore ninety-two lakhs seventy-two thousand two hundred twenty two) equity shares, representing 68.95% of the total paid-up equity share capital of the Transferee Company as on 6 September 2024. Further, out of 75,92,72,222 (seventy five crore ninety two lakh seventy two thousand two hundred twenty two) equity shares directly held by the Transferor Company in the Transferee Company, 21,97,52,029 (twenty one crore ninety seven lakh fifty two thousand twenty nine) equity shares, representing 20.00% of the total paid-up capital of the Transferee Company are under lock-in for a period of 18 (eighteen) months from the date of allotment of the initial public offering of the Transferee Company (i.e. till 19 January 2025), in terms of the Regulation 16(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

4. MAIN OBJECTS

- 4.1 The main objects of the Transferor Company as on the date of filing of this Scheme are *inter alia*, as follows:

- (a) To carry on the business, whether in India or outside, of making investment in group companies in the form of shares, bonds debentures, debt, loan or securities and providing guarantees, other form of collateral, or other contingent liabilities on behalf of or for the benefit of any group companies.
- (b) To carry on financial activity, whether in India or outside in the nature of investment in bank deposits, money market instruments (including money market mutual funds and liquid mutual funds), government securities, and to carry on such other activities as may be permitted and prescribed by the relevant statutory authorities for core investment companies from time to time.

- 4.2 The main objects of the Transferee Company as on the date of filing of this Scheme are *inter alia*, as follows:

- (a) To establish and carry on the business of banking in any part of India or outside India.
- (b) To carry on business of accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise.
- (c) To carry on the business of:
 - (i) borrowing, raising or taking up of money;
 - (ii) lending or advancing of money by way of a loan, overdraft or on cash credit or other accounts or in any other manner whether without or on the security or movable or immovable properties, bills of exchange, hundis, promissory notes, bills of lading, railway receipts, debentures, share warrants and other instruments whether transferable or negotiable or not;

- (iii) drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundis, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and other instruments and securities whether transferable or negotiable or not;
 - (iv) granting and issuing of letters of credits, travellers' cheques and circulars notes;
 - (v) buying, selling and dealing in bullion and specie;
 - (vi) buying and selling of and dealing in foreign exchange including foreign bank notes;
 - (vii) acquiring, holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds;
 - (viii) purchasing and selling of bonds, scrips or other forms of securities on behalf of itself, its constituents or others;
 - (ix) negotiating of loans and advances;
 - (x) receiving of all kinds of bonds, scrips or valuables on deposit or for safe custody or otherwise;
 - (xi) providing of safe deposit vaults;
 - (xii) collecting and transmitting of money and all kinds of securities;
 - (xiii) issuing credit cards, debit cards, prepaid instruments, smart card or any similar instruments and extending any other credits;
 - (xiv) acting as aggregators, as may be permitted by the Pension Fund Regulatory and Development Authority (PFRDA), in connection with the National Pension System of the PFRDA; and
 - (xv) carrying on any other business specified in section 6(1)(a) to (n) of the Banking Regulation Act, 1949, as amended from time to time, and such other forms of business which the Central Government has pursuant to Section 6(1)(o) of the Banking Regulation Act, 1949 specified or may from time to time specify by notification in the official gazette or as may be permitted by RBI from time to time as a form of business in which it would be lawful for a banking company to engage.
- (d) To carry on the business of merchant banking, investment banking, portfolio investment management, wealth management and investment advisors; to form, constitute, promote, act as managing and issuing agents, prepare projects and feasibility reports for and on behalf of any company, association, society, firm, individual and body corporate.
- (e) To carry on the business of mutual fund distribution, equipment leasing and hire purchase.

- (f) To act as corporate agents for insurance products for life and general insurance including but not limited to health, pension & employees benefit, fire, marine, cargo, marine hull, aviation, oil & energy, engineering, accident, liability, motor vehicles, transit and other products and to carry on the business of insurance, re-insurance and risk management as an insurance agent or otherwise as may be permitted under law.
- (g) To carry on the business of factoring by purchasing and selling debts, receivables and claim including invoice discounting and rendering bill collection, debt collection and other factoring services.
- (h) To carry on and transact the business of giving guarantees and counter guarantees and indemnities whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property or assets of the Transferee Company, both present and future wherever situate or in any other manner and in particular to guarantee the payment of any principal moneys, interest or other moneys secured by or payable under debentures, bonds, debenture-stock, mortgages, charges, contracts, obligations and securities, and the repayment of the capital moneys and the payment of dividends in respect of stocks and shares or the performance of any such other obligations.

PART II

AMALGAMATION OF TRANSFEROR COMPANY WITH TRANSFEREE COMPANY

SECTION 1- TRANSFER AND VESTING

5. Upon the Scheme coming into effect, and with effect from the Appointed Date, the entire Amalgamated Undertaking of the Transferor Company shall stand vested in the Transferee Company, as a going concern, so as to become the undertaking of the Transferee Company, without the requirement for any further act, instrument, deed, matter or thing.

6. Vesting of Assets

Without prejudice to the generality of Clause 5 above, pursuant to the provisions of Sections 230 to 232 of the Act and all other provisions of the Applicable Laws, if any, upon the Scheme becoming effective and with effect from the Appointed Date:

- (a) All the estate, tangible and intangible assets (including but not limited to brands, trademarks, patents, designs, copyrights, confidential business information, software and all website content), properties, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the Amalgamated Undertaking of whatsoever nature and where so ever situate, shall without any further act or deed, stand transferred to and vested in the Transferee Company as a going concern, so as to become the estates, assets, rights, claims, title, interest and authorities of the Transferee Company.
- (b) Without limitation, all the immovable properties (whether freehold or leasehold or licensed or otherwise and all documents of title, rights and easements in relation thereto), together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Company shall without any further act, instrument or deed, stand transferred to and be vested in the Transferee Company, as a going concern. Without prejudice to the aforesaid, the Transferee Company shall be entitled to and exercise all rights and privileges attached to the immovable properties. The Transferee Company shall under the provisions of this Scheme be deemed to be authorized to execute, if required, such instruments, deeds and writing on behalf of the Transferor Company and to implement or carry out all such procedures or compliances to give effect to the provisions of this Scheme. The mutation of the title to the immovable properties shall be made and duly recorded by the appropriate Government Authorities, upon the Scheme becoming effective, in accordance with the terms hereof, in favour of the Transferee Company. Any inchoate title or possessory title of the Transferor Company shall be deemed to be the title of the Transferee Company. It is clarified for the removal of doubt that the Transferee Company shall be entitled to execute such deeds, agreements, conveyance and/or documents as may be required to ensure mutation of the title to the immovable properties in favour of the Transferee Company by the appropriate Government Authorities upon the Scheme becoming effective.
- (c) Without prejudice to the provisions of Clauses 6(a) and 6(b) above, all movable property or incorporeal property or property otherwise capable of vesting or transfer by delivery or possession, or by endorsement and/or delivery shall without any further act, deed or notification or instrument of conveyance, stand transferred to and vested in the Transferee Company.

- (d) In respect of such of the assets and properties belonging to the Transferor Company (other than those referred to in Sub-Clauses (a), (b) and (c) above) including investments in shares and any other securities, sundry debtors, actionable claim, receivables, refunds, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any government, quasi government, local or other authority or body or with any company or other person, the same shall without any further act, deed or notification or instrument of conveyance, stand transferred to and vested in the Transferee Company.
- (e) All other assets, rights, title, interest, investments and properties of the Transferor Company as on the Appointed Date, whether or not included in its books, and all assets, rights, title, interest, investments and properties, which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall without any further act, deed or notification or instrument of conveyance, stand transferred to and vested in the Transferee Company.
- (f) All the profits or Taxes (including advance tax, tax deducted at source, foreign tax credits and minimum alternative tax credit entitlement (“**MAT Credit**”), tax losses, unabsorbed depreciation, indirect tax credits or refunds due, existing or future incentives, un-availed credits and exemptions, Goods and Services Tax (“**GST**”) set off or any costs, charges, expenditure accruing to the Transferor Company or expenditure or losses arising or incurred or suffered by the Transferor Company shall for all purpose be treated and be deemed to be and accrue as the profits, Taxes (indirect tax credits or refunds due), GST set off, or any costs, charges, expenditure or losses of Transferee Company, as the case may be.
- (g) All the profits and income accruing or arising to the Transferor Company or expenditure, or losses arising or incurred (including the effect of Taxes, if any, thereon) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or income or expenditure or losses of taxes of the Transferee Company, as the case may be. It is clarified that all assets and receivables, whether contingent or otherwise, of the Transferor Company as on the Appointed Date, whether provided for or not, in its books of account and all other assets or receivables which may accrue or arise on or after the Appointed Date shall be deemed to be the assets and receivables or otherwise, as the case may be of the Transferee Company.
- (h) All the licenses, permits, registrations, quotas, entitlements, approvals, permissions, registrations, incentives, Tax deferrals, exemptions, goodwill and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges (including Tax benefits and exemptions) enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether on, before or after the Appointed Date, (whether recorded in books of accounts or not), including Tax benefits, Tax refunds and exemptions, shall without any further act, deed or notification or instrument of conveyance stand transferred to and vested in the Transferee Company. The Transferee Company shall make applications and do all such acts or things which may be necessary to obtain relevant approvals from the concerned Government Authorities as may be necessary in this regard.

7. **Bank Accounts**

For avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name of the bank accounts of the Transferor Company have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in its name in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment, which are in the name of the Transferor Company, after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. The Transferee Company shall be allowed to maintain bank accounts in the name of the Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Company. To the extent such collection is made in the name of the Transferor Company, it shall also without any further act or deed be and stand transferred to the Transferee Company. It is hereby expressly clarified that any legal proceedings by or against the Transferor Company, in relation to the cheques or other negotiable instruments, payment orders received or, as the case may be, shall be continued by or against the Transferee Company after the coming into effect of this Scheme.

8. Contracts, Deeds, etc.

- (a) Upon the coming into effect of this Scheme, with effect from Appointed Date, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, insurance, letters of intent, undertaking, policies including licenses, lease arrangements/agreements and other instruments of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour of, as the case may be, the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder.
- (b) Without prejudice to the other provisions of this Scheme and notwithstanding that vesting of the Amalgamated Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, after the Effective Date, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on part of the Transferor Company to be carried out or performed.
- (c) Without prejudice to the generality of the foregoing, upon the Scheme becoming effective and with effect from the Appointed Date, powers of attorney given by, issued to or executed in favour of the Transferor Company, and all approvals, including municipal approvals, allocations, clearances, allotments, consents, authorities (including for the operation of bank accounts), concessions, clearances, credits, awards, sanctions, exemptions, registrations, no-objection certificates, quotas, rights, entitlements, authorisations, statutory rights, licenses (including

licenses granted by any governmental, statutory or regulatory bodies for the purpose of carrying on its business or in connection therewith), permissions and certificates of every kind and description whatsoever in relation to the Transferor Company, shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company. It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this Clause 8(c), the said third-party or authority shall make and duly record the necessary substitution / endorsement in the name of the Transferee Company pursuant to the sanction of the Scheme by the Hon'ble NCLT and upon the Scheme becoming effective, with effect from the Appointed Date. The Transferee Company shall be entitled to make applications to any Government Authority as may be necessary in this regard.

- (d) Upon the Scheme becoming effective and with effect from the Appointed Date, all insurance policies, if any, registered in the name of the Transferor Company shall, pursuant to the sanction of this Scheme by the Hon'ble NCLT and under the provisions of Section 230 to 232 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or deemed to have been transferred to and vested in and be available to the benefit of the Transferee Company and accordingly, all insurance providers shall record the name of the Transferee Company in all the insurance policies registered in the name of the Transferor Company.
- (e) It is hereby clarified that all transactions during the period between the Appointed Date and the Effective Date would be duly reflected in the financial statements of Transferee Company, upon the coming into effect of this Scheme.

9. Transfer and Vesting of Liabilities

- (a) Upon the coming into effect of this Scheme and with effect from the Appointed Date, all debts and liabilities of the Transferor Company including all secured and unsecured debts (in whatsoever currency), liabilities (including contingent liabilities), duties and obligations of the Transferor Company of every kind, nature and description whatsoever whether present or future, and howsoever arising, along with any charge, encumbrance, lien or security thereon (herein referred to as the “**Liabilities**”) shall, pursuant to the sanction of this Scheme by the Hon'ble NCLT and under the provisions of Sections 230 to 232 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be and stand transferred to and vested in the Transferee Company, to the extent they are outstanding on the Effective Date so as to become, as and from the Appointed Date, the Liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause 9, unless otherwise specifically required.
- (b) Where any such debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date have been discharged by the Transferor Company on or after the Appointed Date

and prior to the Effective Date, such discharge shall be deemed to be for and on account of the Transferee Company upon the coming into effect of this Scheme.

- (c) All loans raised and utilized and all liabilities, duties and obligations incurred or undertaken by the Transferor Company on or after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, pursuant to the provisions of Sections 230 to 232 of the Act and all other provisions of the Applicable Laws, if any, and without any further act, deed or notified or instrument of conveyance stand transferred to and vested in the Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- (d) Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time from the Appointed Date to the Effective Date become due between the Transferor Company and the Transferee Company shall stand discharged and come to an end and there shall be no liability in that behalf on any party and the appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations amongst the Transferor Company and the Transferee Company with effect from the Appointed Date.
- (e) Upon the Scheme becoming effective, the secured creditors of the Transferor Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferor Company (to whom such creditors had advanced the facilities), as existing immediately prior to the amalgamation of Transferor Company with the Transferee Company. It is hereby clarified that pursuant to the amalgamation of the Transferor Company with the Transferee Company, the secured creditors of the Transferor Company shall not be entitled to any further security over the properties, assets, rights, benefits and interest of the Transferee Company, and hence such assets which are not currently encumbered shall remain free and available for creation of any security thereon in the future in relation to any new indebtedness that may be incurred by the Transferee Company after the Scheme becoming effective. For this purpose, no further consent from the existing secured creditors shall be required and sanction of the Scheme shall be considered as a specific consent towards the same.
- (f) The present Scheme is not a Scheme of compromise or arrangement with the creditors of either the Transferor Company or the Transferee Company (including the holders of the NCDs) and the Scheme will not affect the rights of the creditors as all the creditors will be paid in full as and when their respective amounts fall due in the usual course of business by the Transferee Company.

10. Encumbrances

- (a) The transfer and vesting of the assets comprised in the Amalgamated Undertaking to the Transferee Company under Clause 5, Clause 6, Clause 7 and Clause 8 of this Scheme shall be subject to the Encumbrances, if any, affecting the same as hereinafter provided.

- (b) All Encumbrances, if any, existing prior to the Effective Date over the assets of the Transferor Company shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date, provided that if any of the assets of the Transferor Company have not been Encumbered, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company. The absence of any formal amendment which may be required by a lender or trustee, or third party shall not affect the operation of the above.
- (c) Any reference in any security documents or arrangements (to which the Transferor Company is a party) to the Transferor Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company by virtue of this Scheme and shall not extend to any of the assets or to any of the other units or divisions of the Transferee Company unless otherwise expressly provided. Without prejudice to the foregoing provisions, the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.
- (d) Upon the coming into effect of this Scheme, the Transferee Company shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of this Scheme.
- (e) It is expressly provided that, save as herein provided, no other term or condition of the Liabilities transferred to the Transferee Company is amended by virtue of this Scheme except to the extent that such amendment is required statutorily.
- (f) Subject to necessary consents being obtained, if required, the provisions of this Clause 10 shall operate notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings or the terms of sanction or issue or any security document shall stand modified and/or superseded by the foregoing provisions.

11. Employees of Transferor Company

- (a) Upon this Scheme becoming effective, all the Employees shall be deemed to have become the employees of the Transferee Company without interruption of service or break in service as a result of the amalgamation of the Transferor Company with the Transferee Company and on the basis of continuity of service with reference to the Transferor Company from the Appointed Date or their respective joining date, whichever is later, on the same terms and conditions and shall not be less favourable than those on which they are engaged by the Transferor Company. The services of such Employees with the Transferor Company up to the Effective Date shall be taken into account for the purpose of all benefits to which the Employees may be eligible under the Applicable Laws. For the purpose of payment of any compensation, gratuity and other terminal benefits, the uninterrupted past service of such Employees with the Transferor Company and such

benefits to which the Employees are entitled in the Transferor Company shall also be taken into account and paid (as and when payable) by the Transferee Company.

- (b) Upon this Scheme becoming effective, all contributions to funds and schemes in respect of provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of the Employees, if any, made by the Transferor Company from the Appointed Date to the Effective Date, shall be deemed to be made by Transferee Company in accordance with the provisions of such schemes or funds and Applicable Law.
- (c) It is clarified that save as expressly provided for in this Scheme, the Employees who become the employees of the Transferee Company by virtue of this Scheme, shall be entitled to the employment policies and shall be entitled to avail of any schemes and benefits (including employee stock options, if any) that may be applicable and available to any of the other employees of the Transferee Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the other employees of the Transferee Company), unless otherwise determined by the Transferee Company from the Effective Date. The Transferee Company undertakes to continue to abide by any agreement/ settlement, if any, entered into or deemed to have been entered into by the Transferor Company with the Employees.
- (d) Insofar as the provident fund, gratuity fund, superannuation fund, retirement fund and any other funds or benefits created by the Transferor Company for its Employees or to which the Transferor Company is contributing for the benefit of its Employees (collectively referred to as the “**Funds**”) are concerned, the Funds or such part thereof as relates to the Employees (including the aggregate of all the contributions made to such Funds for the benefit of the Employees, accretions thereto and the investments made by the Funds in relation to the Employees) shall be transferred to the Transferee Company and shall be held for the benefit of the concerned Employees. If the Transferee Company has its own funds in respect of any of the employee benefits referred to above, the Funds shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, be merged with the Funds of the Transferor Company.
- (e) In relation to those Employees for whom the Transferor Company is making contributions to the government provident fund or other employee benefit fund, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Employees, such that all the rights, duties, powers and obligations of the Transferor Company as the case may be in relation to such schemes/ Funds shall become those of the Transferee Company.
- (f) Without prejudice to the generality of the Clause 8(a) above, upon the Scheme becoming effective and with effect from the Appointed Date, subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, undertakings, and other instruments of whatsoever nature entered into by the Transferor Company with contract labour, consultants or agencies procuring/providing the contract labour or manpower for the Transferor Company shall continue in full force and effect on or against or in favour of, as the case may be, the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder.

12. Legal, Taxation and other Proceedings

- (a) Upon the coming into effect of this Scheme, all suits, actions, and other proceedings including legal and taxation proceedings, (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company pending on the Effective Date shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been instituted by or against the Transferee Company.
- (b) If any suit, appeal or other proceeding of whatever nature by or against the Transferor Company is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against Transferee Company, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.
- (c) In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Transferor Company, the Transferee Company shall be made party thereto and any payment and expenses made thereto shall be the liability of Transferee Company.
- (d) Without prejudice to the provisions of Clauses 5 to 12, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes from the Appointed Date.

SECTION 2 - CONDUCT OF BUSINESS

13. From the Appointed Date until the Effective Date:

- (a) the Transferor Company shall carry on and be deemed to have carried on all business and activities and shall hold and stand possessed of and shall be deemed to hold, and stand possessed of all its estates, assets, rights, title, interest, authorities, contracts and investments for and on account of, and in trust for, the Transferee Company;
- (b) the Transferor Company shall carry on its business and activities with due business prudence and diligence and shall not, without prior written consent of the Transferee Company or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage, encumber or otherwise deal with any part of its assets nor incur or accept or acknowledge any debt, obligation or liability except as is necessary in the ordinary course of business;
- (c) the Transferor Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of Employees without the consent of the Board of Directors of the Transferee Company;
- (d) all profits and income accruing or arising to the Transferor Company, and losses and expenditure arising or incurred by it (including Taxes, if any, accruing or paid in relation to any profits or income) for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure (including Taxes), as the case may be, of the Transferee Company;

- (e) any of the rights, powers, authorities or privileges exercised by the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of, and in trust for and as an agent of the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken for and on behalf of and as an agent of the Transferee Company;
 - (f) all Taxes paid or payable by the Transferor Company in respect of the operations and/or the profits of the Transferor Company before the Appointed Date, shall be on account of the Transferor Company and, insofar as it relates to the Tax payment (including, without limitation, income tax, central goods and service tax, state goods and service tax of respective states, integrated goods and service tax, sales tax; excise duty, customs duty, service tax, VAT, CENVAT credit, input tax credit, etc.), whether by way of deduction at source, advance tax, tax collected at source, minimum alternate tax credit, dividend distribution tax, taxes withheld or paid in foreign country, or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the Transferor Company with effect from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and, shall, in all proceedings, be dealt with accordingly; and
 - (g) the Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central/ State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which the Transferee Company may require to carry on the business of the Transferor Company and give effect to the Scheme.
14. Till the Scheme becomes effective, the Transferor Company and the Transferee Company shall be free to increase or alter in any other manner their respective authorised, issued, subscribed, and paid-up share capital as may be required pursuant to their respective business need or for compliance with any Applicable Law. During the pendency of the Scheme, in the event of any issuance or any increase in the issued, subscribed, and paid-up share capital or restricting of the share capital of either of the Transferor Company or the Transferee Company (other than allotment of shares pursuant to the Transferor Company Option Scheme or Transferee Company Option Scheme) including by way of share split, bonus issuance, consolidation or other similar action, the Share Swap Ratio shall be adjusted appropriately and the same shall be approved by the Board of Directors of both the Transferor Company and the Transferee Company.

SECTION 3 – CONSIDERATION, ISSUANCE OF NEW EQUITY SHARES, CANCELLATION OF SHARES OF TRANSFEREE COMPANY HELD BY TRANSFEROR COMPANY, AND IMPACT ON THE NCDs

15. Consideration

- 15.1. Upon coming into effect of this Scheme and as consideration for the amalgamation of the Transferor Company with the Transferee Company, the Transferee Company shall, without any further application, act or deed, issue and allot to the shareholders of the Transferor Company whose names are recorded in the register of members as a member of the Transferor Company on the Record Date (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of Directors of the Transferee Company), 699 equity shares of face

value INR 10/- (Indian Rupees ten) of the Transferee Company (credited as fully paid-up) for every 100 fully paid-up equity shares of face value INR 10/- (Indian Rupees ten) of the Transferor Company (“**Share Swap Ratio**”). Fractional entitlements, if any, arising pursuant to the application of the Share Swap Ratio shall be rounded off to the nearest higher integer. The shares to be issued by the Transferee Company to the shareholders of the Transferor Company in accordance with this Clause 15.1 of Section 3 of Part II of this Scheme shall be referred to as “**New Equity Shares**”.

- 15.2. The Transferor Company and the Transferee Company have engaged RBSA Valuation Advisors LLP, registered valuer, to provide a valuation report. In connection with such engagement, dated 5 July 2024, RBSA Valuation Advisors LLP has issued a valuation report dated 20 September 2024.
- 15.3. The Transferee Company has engaged DAM Capital Advisors Limited as the merchant banker to provide a fairness opinion on the valuation of both the Transferor Company and the Transferee Company done by a registered valuer and the Share Swap Ratio adopted under the Scheme. In connection with such engagement, dated 6 July 2024, DAM Capital Advisors Limited has issued a fairness opinion dated 20 September 2024.

16. Issuance of New Equity Shares

- 16.1. In the event of there being any pending share transfers, whether lodged or outstanding, of any equity shares of the Transferor Company, the Board of Directors of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, as the case maybe, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising in the transfer of the shares in the Transferor Company and in relation to the shares issued by the Transferee Company, after the effectiveness of the Scheme. The Board of Directors of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Transferee Company on account of difficulties faced in the transition period.
- 16.2. Where New Equity Shares of the Transferee Company are to be allotted to heirs, executors or administrators, as the case may be, to successors of deceased equity shareholders or legal representatives of the equity shareholders of the Transferor Company, the concerned heirs, executors, administrators, successors or legal representatives shall be obliged to produce evidence of title satisfactory to the Board of Directors of the Transferee Company.
- 16.3. The New Equity Shares of the Transferee Company allotted and issued in terms of Clause 15.1 above, shall be listed and/ or admitted to trading on the Stock Exchanges, where the equity shares of the Transferee Company are listed and/ or admitted to trading as on the Effective Date, subject to the Transferee Company obtaining the requisite approvals from all the relevant Government Authorities pertaining to the listing of the New Equity Shares of the Transferee Company. The Transferee Company shall enter into such arrangements and give such confirmations and undertakings as may be necessary in accordance with the Applicable Law for complying with the formalities of the Stock Exchanges.
- 16.4. The New Equity Shares of the Transferee Company to be allotted and issued to the shareholders of the Transferor Company as provided in Clause 15.1 above shall be subject to the provisions of the memorandum and articles of association of the Transferee Company and shall rank *pari passu* in all

respects with the equity shares of the Transferee Company after the Effective Date including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date.

- 16.5. The issue and allotment of the New Equity Shares by the Transferee Company to the equity shareholders of the Transferor Company as provided in the Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of the Transferee Company or its shareholders and as if the procedure laid down under Section 62 or any other applicable provisions of the Act and other statutes and regulations were duly complied with.
- 16.6. Unless otherwise notified in writing on or before such date as may be determined by the Board of Directors of the Transferee Company or a committee thereof, the New Equity Shares issued to the equity shareholders of the Transferor Company by the Transferee Company shall be issued in dematerialized form by the Transferee Company, provided that the details of the depository accounts of the members of the Transferor Company are made available to the Transferee Company by the Transferor Company at least 2 (two) working days prior to the Effective Date.

17. Cancellation of the shares held by Transferor Company in the Transferee Company

- 17.1. Simultaneous with the issuance of the New Equity Shares, in accordance with Clause 15.1 above of this Scheme, the existing issued and paid-up equity share capital of the Transferee Company, as held by the Transferor Company, shall, without any further application, act, instrument or deed, be automatically cancelled.
- 17.2. Upon the Scheme becoming effective and upon the New Equity Shares of the Transferee Company being allotted and issued by it to the shareholders of the Transferor Company whose names appear on the register of members as a member of the Transferor Company on the Record Date or whose names appear as the beneficial owners of the equity shares of the Transferor Company in the records of the depositories/ register of members, as the case may be, as on the Record Date, the equity shares of the Transferee Company, both in electronic form and in the physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date.
- 17.3. The cancellation of the equity share capital held by the Transferor Company in the Transferee Company, in accordance with this Clause 17 of the Scheme, shall be effected as part of this Scheme itself and not under a separate procedure, in terms of Section 66 the Act, and the order of the NCLT sanctioning this Scheme shall be deemed to be an order under Section 66 of the Act and other applicable provisions, confirming the reduction. The consent of shareholders of the Transferee Company to this Scheme shall be deemed to be consent of such shareholders for the purposes of effecting the reduction under the provisions of Section 66 of the Act as well and no further compliance would be separately required.

18. Combination of Authorised Share Capital

Upon the Scheme becoming effective, the authorised share capital of the Transferor Company shall stand carried forward and merged with the authorised share capital of the Transferee Company, without any further act, deed, resolution or writing on the part of the Transferee Company (including payment of stamp duty and/or fees payable to the Registrar of Companies). Upon the Scheme becoming effective, the office of the Registrar of Companies shall immediately take note of the consolidation of authorised share capital of the Transferor Company and enhance the authorised share capital of the Transferee

Company accordingly in its records. It is clarified that the approval of the shareholders of the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the alteration of the memorandum and articles of association of the Transferee Company for increase in the authorised share capital, as may be required under the Act, and no further resolution(s) under Sections 4, 13, 14 and 61 of the Act shall be required.

19. Employee Stock Option Scheme

- 19.1. With respect to the stock options granted to Eligible Employees by the Transferor Company under the Transferor Company Option Scheme, upon the Scheme becoming effective, the Transferee Company shall issue stock options to such Eligible Employees taking into account the Share Swap Ratio and on the same terms and conditions as (and which are not less favourable than those) provided in the Transferor Company Option Scheme. Such stock options may be issued by the Transferee Company under the Transferee Company Option Scheme.
- 19.2. It is hereby clarified that upon this Scheme becoming effective, stock options granted by the Transferor Company to the Eligible Employees, including the employees of the Transferee Company, under the Transferor Company Option Scheme shall automatically stand cancelled and extinguished. Accordingly, upon such cancellation, the fresh stock options shall be granted by the Transferee Company to the Eligible Employees on the basis of the Share Swap Ratio, such that the Eligible Employees shall, as stock option holders of the Transferee Company, enjoy the same economic benefit as they would have received under the Transferor Company Option Scheme. Fractional entitlements, if any, arising pursuant to the application of the Share Swap Ratio shall be rounded off to the nearest higher integer. The exercise price payable for stock options granted by the Transferee Company to the Eligible Employees shall be based on the exercise price payable by such Eligible Employees under the Transferor Company Option Scheme as adjusted after taking into account the effect of the Share Swap Ratio.
- 19.3. The approval granted to the Scheme by the shareholders, RBI, and any other Government Authorities shall be deemed to be their approval granted in relation to all matters pertaining to the Transferee Company Option Scheme, including without limitation modifying the Transferee Company Option Scheme (such as increasing the maximum number of equity shares that can be issued consequent to the exercise of the stock options granted, or modifying the exercise price of the stock options), and all related matters. No further approval of the shareholders of the Transferee Company would be required in this connection under Applicable Law.
- 19.4. It is hereby clarified that in relation to the options granted by the Transferee Company to the Eligible Employees, the period during which the options granted by the Transferor Company were held by or deemed to have been held by the Eligible Employees shall be taken into account for determining the minimum vesting period required under Applicable Law or agreement or deed for stock options granted under the Transferee Company Option Scheme, as the case may be.
- 19.5. The Board of Directors of the Transferor Company and the Transferee Company or any of the committee(s) thereof, including the nomination and remuneration committee, if any, shall take such

actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 19 of the Scheme.

20. Impact of the Scheme on holders of the NCDs

- 20.1. The present Scheme is not a Scheme of compromise or arrangement with the holders of the NCDs and the Scheme will not affect the rights of the NCD holders as they will be paid the principal amount of the NCDs and the coupon thereon in full as and when their respective amounts fall due in accordance with the terms of NCDs by the Transferee Company.
- 20.2. There shall be no change in terms and conditions of the NCDs pursuant to this Scheme. The holders of the NCDs as on the Effective Date will continue to hold the NCDs, without any interruption and with the same rights that they enjoy as on the Effective Date. The liability of the Transferee Company towards the NCD holders is neither being reduced nor being extinguished under the Scheme.
- 20.3. Since there will be no adverse impact on the holders of the NCDs upon this Scheme becoming effective, this Scheme does not provide any exit offer / mechanism to the dissenting holders of the NCDs.
- 20.4. Additional disclosures in relation to the NCDs that are required to be disclosed in the Scheme pursuant to the SEBI Debt Circular are set out in **Part B of Annexure A**.

PART III

DISSOLUTION OF TRANSFEROR COMPANY, GENERAL CLAUSES, TERMS AND CONDITIONS APPLICABLE TO THE SCHEME

21. Taxes/ Duties/ Cess etc.

21.1. Applicability of provisions of the IT Act

- (a) The provisions of this Scheme as they relate to the amalgamation of the Transferor Company with the Transferee Company has been drawn up to comply with the conditions relating to 'amalgamation' as defined under Section 2(1B) of the IT Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the IT Act, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the IT Act, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the IT Act. Such modification will, however, not affect the other parts of the Scheme and the power to make any such amendments shall vest with the Board of Directors or any committee of the Board of Directors to which the power is delegated.
- (b) Upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise its financial statements and Tax returns, withholding tax returns and related withholding tax certificates, including withholding tax certificates relating to transactions between the Transferor Company and the Transferee Company, along with prescribed forms, filings and annexures under the IT Act (including for minimum alternate tax purposes, carry forward and set-off of accumulated losses and tax benefits), service tax law, VAT laws, sales tax laws, excise duty laws, customs duty laws, CGST, SGST, IGST and other tax laws and to claim refunds and/or credits for Taxes paid (including minimum alternate tax), and to claim Tax benefits under the IT Act and other tax laws (including STPI or SEZ benefits) etc. and for matters incidental thereto, if required to give effect to the provisions of this Scheme.

21.2. Tax Treatment

- (a) Upon the Scheme coming into effect, all Taxes payable by or on behalf of the Transferor Company from the Appointed Date onwards, including all or any refunds and claims, including refunds or claims pending with any Governmental Authority and including the right to claim MAT Credit, set-off and carry forward of accumulated losses, unabsorbed tax depreciation, book losses, book depreciation, deferred revenue expenditure, deduction, rebate, allowance, amortization benefit, etc. under the IT Act, or any other or like benefits under the said acts or under and in accordance with any law or act, whether in India or anywhere outside India and unutilized CENVAT credit, VAT credit, input tax credit for CGST, SGST and IGST, etc. shall, for all purposes, be treated as the Tax, liabilities or refunds, claims, accumulated losses and unutilized CENVAT credits, VAT credit, CGST, SGST and IGST credits and rights to claim credit, tax benefits or refund etc. of the Transferee Company.
- (b) The Transferee Company shall also be permitted to claim refunds/ credits in respect of any transaction between the Transferor Company and the Transferee Company.

- (c) The withholding tax/ advance tax/ minimum alternate tax, if any, paid by the Transferor Company under the IT Act or any other statute in respect of its income assessable for the period commencing from the Appointed Date shall be deemed to be the tax deducted from advance tax paid by the Transferee Company and credit for such withholding tax/ advance tax/ minimum alternate tax shall be allowed to the Transferee Company notwithstanding that certificates or challans for withholding tax/ advance tax are in the name of the Transferor Company and not in the name of the Transferee Company.
- (d) The service tax, VAT, excise duty, customs duty and sales tax under the pre - GST regime and in the GST regime, CGST, SGST and IGST paid by the Transferor Company under the Finance Act, 1994 and/or Central Goods and Service Tax Act, Integrated Goods and Service Tax Act and Union Territory Goods and Service Tax Act in respect of services provided by it for the period commencing from the Appointed Date shall be deemed to be the service tax, CGST, SGST, IGST paid by the Transferee Company and credit for such service tax, CGST, SGST, IGST shall be allowed to the Transferee Company notwithstanding that challans for service tax payments, CGST payment, SGST payment, IGST payment are in the name of the Transferor Company and not in the name of the Transferee Company.
- (e) Any Tax liability under the IT Act or any other applicable Tax laws or regulations allocable to the Transferor Company whether or not provided for or covered by any Tax provisions in the accounts of the Transferor Company made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company. Any surplus in the provision for Taxation or duties or levies in the accounts of the Transferor Company including advance tax and tax deducted at source as on the close of business in India on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.
- (f) All Tax assessment proceedings and appeals of whatsoever nature by or against the Transferor Company pending or arising as at the Appointed Date shall be continued and/or enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. Further, the aforementioned proceedings shall neither abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in this Scheme.
- (g) Transferee Company shall be entitled to claim deduction in respect of expenses incurred by the Transferor Company and the Transferee Company in relation to the amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme including stamp duty expenses, if any, as deduction to the Transferee Company in accordance with relevant provisions of the IT Act.

22. Accounting Treatment

- 22.1. Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferee Company shall account for the amalgamation in its books, in accordance with the “Pooling of interest” method

referred to in Accounting Standard – 14 “Accounting for Amalgamation”, as prescribed by the Central Government under Section 133 of the Act, as specified here under:

- (a) The assets, liabilities and reserves of the Transferor Company, shall be recorded by the Transferee Company in its books of accounts at their respective book values, and in the same form, as appearing in the books of the Transferor Company (converted into applicable GAAP of the Transferee Company i.e., Indian GAAP) as at the close of business of a day immediately preceding the Appointed Date.
- (b) The share capital held by the Transferor Company in the Transferee Company shall stand cancelled and extinguished upon the Scheme becoming effective.
- (c) Any inter-company balances outstanding between Transferee Company and the Transferor Company shall stand cancelled and there shall be no further obligation/outstanding balances in this regard.
- (d) The Transferee Company shall issue and allot equity shares to the shareholders of the Transferor Company in accordance with Clause 15.1 above and credit the face value of such equity shares to its share capital account.
- (e) The difference, if any arising, between the value of assets, liabilities and reserves of the Transferor Company as recorded by the Transferee Company (as referred to in Clause 22.1(a) above), after making adjustments referred to in Clause 19 (with respect to stock options to be granted by Transferee Company against the stock options of the Transferor Company as per the Share Exchange Ratio and ensuring necessary compliance), Clause 22.1(b) and Clause 22.1(c) and the face value of the shares allotted (as referred to in Clause 22.1(d) above) shall be recorded as capital reserve in the books of the Transferee Company.
- (f) In case of any difference in accounting policy between the Transferor Company and the Transferee Company, the accounting policy followed by the Transferee Company will prevail. The effects on the financial statements of any changes in the accounting policies shall be reported in accordance with Accounting Standard – 5, net profit or loss for the period, prior period items and changes in accounting policies.
- (g) Notwithstanding the above, the Board of the Transferee Company is authorized to account for any of these balances in any manner whatsoever, as may be deemed fit in accordance with the applicable accounting standards under the Act and applicable regulations issued by the RBI and applicable generally accepted accounting principles as applicable to the Transferee Company.

22.2. Upon the Scheme becoming effective, the Transferor Company shall stand dissolved pursuant to Clause 26 below, and hence, no accounting treatment has been prescribed under this Clause 22 in relation to the books of the Transferor Company.

23. Reduction of Securities Premium Account

23.1. Immediately upon the Scheme becoming effective and with effect from the Appointed Date:

- (a) The debit balance in the capital reserve, if any, arising pursuant to the amalgamation of the Transferor Company with the Transferee Company on the Appointed Date, pursuant to accounting treatment as contemplated under Clause 22.1 above, shall be set-off against the resulting securities premium account (as adjusted after recording of balance in securities premium account of the Transferor Company pursuant to accounting treatment as referred to in Clause 22.1 above).
- (b) The reduction of the debit balance in the capital reserve against the amounts held in the securities premium account as set out in Clause 23.1(a) above does not involve the reduction of the issued, subscribed, and paid-up share capital of the Transferee Company. Further, the reduction does not envisage the transfer or vesting of any of the properties and/or liabilities of the Transferee Company to any person.
- (c) The approvals including approvals from the shareholders of the Transferee Company received pursuant to provisions of Sections 230 to 232 of the Act under this Scheme shall be deemed to be sufficient approval(s) for giving effect to the provisions of this Clause 23.1 including under Section 52, Section 66 and other related provisions of the Act. The Transferee Company shall not, nor shall be obliged to: (i) call for a separate meeting of its shareholders and creditors for obtaining their approval sanctioning the reduction of the securities premium account after the approval of this Scheme, or (ii) obtain any additional approvals / compliances under Section 66 and other applicable provisions of the Act.
- (d) The reduction in the securities premium account (as an integral part of this Scheme) in accordance with this Clause 23.1 is in accordance with the provisions of Sections 230 to 232 read with Section 52 of the Act, as the same does not result in the extinguishment or diminution of any liability in respect of the unpaid share capital of the Transferee Company or payment to any shareholder of any paid-up share capital of the Transferee Company and the order of the NCLT sanctioning this Scheme shall be deemed to be an order under Section 230 of the Act confirming such reduction of share capital of the Transferee Company. The reduction in the securities premium account in the manner contemplated in this Scheme would not have any impact on the shareholding pattern of the Transferee Company nor would it have any adverse impact on the creditors or employees of the Transferee Company. The order of the NCLT sanctioning this Scheme shall also be deemed to be an order passed under Sections 66, 52 and other applicable provisions of the Act for the purpose of confirming the reduction.
- (e) Notwithstanding the reduction in the securities premium account, the Transferee Company shall not be required to add 'And Reduced' as a suffix to its name. The reduction in the securities premium account shall be effected as an integral part of this Scheme and in accordance with the

applicable provisions of the Act without any further act or deed on the part of the Transferee Company.

24. Resolutions

- 24.1. Upon the coming into effect of this Scheme, the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.
- 24.2. Upon the coming into effect of this Scheme, the borrowing limits of the Transferee Company in terms of the provisions of the Act shall be deemed, without any further act or deed, to have been enhanced by the aggregate limits of the Transferor Company which are being transferred to the Transferee Company pursuant to the Scheme, such limits being incremental to the existing limits of the Transferee Company, with effect from the Appointed Date.

25. Savings of concluded transactions

The transfer and vesting of Amalgamated Undertaking under Clause 5 above and the continuance of proceedings by or against the Transferee Company under Clause 12 above shall not affect any transaction or proceedings already concluded by the Transferor Company on or after the Appointed Date till the Effective Date, and the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto, as if done and executed on behalf of the Transferee Company.

26. Dissolution of the Transferor Company

- 26.1. Upon the coming into effect of this Scheme, the Transferor Company shall stand dissolved without the process of winding-up and its names shall be deleted from the records of the appropriate Registrar of Companies without any further act or deed.
- 26.2. Even after the Scheme becoming effective, the Transferee Company shall be entitled to operate all bank accounts relating to the Transferor Company and realize all monies and complete and enforce all pending contracts and transactions in the name of the Transferor Company insofar as may be necessary until the transfer and vesting of rights and obligations of the Transferor Company to the Transferee Company under this Scheme is formally effected by the parties concerned.
- 26.3. Upon the Scheme coming into effect, all the existing shares or share certificates pertaining to the shares of the Transferor Company shall stand cancelled and will become invalid and shall cease to be transferable. Such cancellation of shares of the Transferor Company, in accordance with this Clause 26.3 of the Scheme, shall be effected as part of this Scheme itself and not under a separate procedure, in terms of Section 66 the Act, and the order of the NCLT sanctioning this Scheme shall be deemed to be an order under Section 66 of the Act and other applicable provisions, confirming the reduction. The consent of shareholders of the Transferor Company to this Scheme shall be deemed to be consent of such shareholders for the purposes of effecting the reduction under the provisions of Section 66 of the

Act as well and no further compliance would be separately required. Further, the Board of Directors of the Transferee Company will not be required to approach the shareholders of the Transferor Company to surrender their share certificates after the Scheme becoming effective.

27. Conditionality of the Scheme

The effectiveness of the Scheme is conditional upon and subject to:

- (a) the receipt of RBI Approval;
- (b) the receipt of Stock Exchange Approvals;
- (c) the receipt of approval from any other relevant Governmental Authority as may be required under the Applicable Law;
- (d) the expiry of the lock-in restriction on 21,97,52,029 (twenty-one crore ninety-seven lakhs fifty-two thousand twenty-nine) equity shares held by the Transferor Company in the Transferee Company under Regulation 16(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (this restriction / lock-in period expires on 19 January 2025);
- (e) the Scheme being approved by the respective requisite majority (in number and value) of such class of persons including the shareholders and/or creditors of the Transferor Company and the Transferee Company as prescribed under Applicable Law, either at a meeting or through consent or no-objection letters or otherwise, and as may be directed by the NCLT under Sections 230 to 232 of the Act or dispensation having been received from the NCLT in relation to obtaining such approval from the members and/or creditors or any Applicable Law permitting the respective parties not to convene the meetings of its members and/or creditors;
- (f) the Scheme being approved by e-voting by the requisite majority of the public shareholders of the Transferee Company as required under the SEBI Merger Circular (since the Scheme involves amalgamation of a listed entity with its promoter);
- (g) the Scheme being approved by e-voting by the requisite majority of the debenture holders of the Transferee Company as required under the SEBI Debt Circular;
- (h) the Scheme being sanctioned by the NCLT or any other competent authority, as may be applicable, under Sections 230 to 232 of the Act;
- (i) the certified copy of the order of the NCLT under Sections 230 to 232 and other applicable provisions of the Act sanctioning the Scheme being filed with the Registrar of Companies by the Transferor Company and Transferee Company;
- (j) fulfilment of any compliance(s), conditions(s) etc., if any, stipulated by the RBI, Stock Exchanges and/or any other relevant Government Authority prior to effecting the Scheme; and
- (k) the requisite sanction or approval of the Government Authority being obtained and/or granted in relation to any of the matters in respect of which such sanction or approval is required.

28. Effect of Non-Receipt of Approvals/ Sanctions

- 28.1. In the event of any of the said sanctions and approvals referred to in Clause 27 above not being obtained and/or the Scheme not being sanctioned by the RBI, Stock Exchanges, and other Government Authority and/or the order not being passed as aforesaid within such period or periods as may be agreed upon between the Transferor Company and the Transferee Company by their Board of Directors (and which the Board of Directors of the Transferor Company and Transferee Company are hereby empowered and authorized to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect.
- 28.2. In the event of revocation of the Scheme under Clause 28.1 above, no rights and liabilities whatsoever shall accrue or to be incurred inter se the Transferor Company and the Transferee Company 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 rights, liabilities or obligations which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law, and in such case, each company shall bear its own cost unless otherwise mutually agreed.
- 28.3. The Board of Directors of the Transferor Company and the Transferee Company shall be entitled to withdraw this Scheme at any time prior to the Effective Date.

29. Applications

- 29.1. The Transferor Company and the Transferee Company, if required shall, with all reasonable dispatch, make applications/ petitions to: (a) the NCLT, under Sections 230 to 232 and other applicable provisions of the Act, read with applicable Rules, (b) the RBI, under the RBI Amalgamation Directions, and (c) the Stock Exchanges, pursuant to Regulation 37 and 59A of the LODR Regulations read with the SEBI Merger Circular; in each case, for sanctioning of this Scheme and all matters ancillary or incidental thereto.
- 29.2. The Transferor Company shall take all necessary steps for sanctioning of this Scheme and for its dissolution without winding up, and apply for and obtain such other approvals, if any, required under the law.

30. Modifications or amendments to the Scheme

- 30.1. The Transferor Company and the Transferee Company, through their respective Board of Directors, may assent from time to time on behalf of all the persons concerned to any modifications or amendments or additions to this Scheme subject to approval of the Hon'ble NCLT or to any conditions or limitations which the NCLT and/or any other competent authorities, if any, under the law may deem fit and approve of or impose and which the Transferor Company and the Transferee Company may in their discretion deem fit and may resolve all doubts or difficulties that may arise for carrying out this Scheme and do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by their

respective Boards of Directors, a committee of the concerned Board or any director, or executive authorized in that behalf by the concerned Board of Directors (hereinafter referred to as the “**Delegate**”).

- 30.2. For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegates of the Transferor Company or the Transferee Company may give and are hereby authorized to determine and give all such directions as are necessary including directions for settling or removing 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.
- 30.3. The Transferee Company even after the Scheme coming into effect may approach the Hon’ble NCLT or other concerned or competent authority(ies) for any incidental orders to remove any deficiency or overcome any difficulty in implementation of the Scheme or clear any ambiguity or to comply with any statutory requirement which necessitates the order of the Hon’ble NCLT or other concerned or competent authority(ies).

31. Severability

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Board of the Transferor Company and the Board of the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme. If any Part or provision of this Scheme hereof is invalid, ruled illegal by any Tribunal of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Companies that such Part or provision, as the case may be, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part or provision, as the case may be, shall cause this Scheme to become materially adverse to any Company, in which case the Companies shall attempt to bring about a modification in the Scheme, as will best preserve for the Companies the benefits and obligations of the Scheme, including but not limited to such Part or provision.

32. Costs, Charges and Expenses

- 32.1. Other than as provided in Clause 32.2 below, all costs, charges, Taxes, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by the Transferor Company and the Transferee Company in the proportion of 30:70 or as may be otherwise mutually agreed between the Transferor Company and the Transferee Company.
- 32.2. Any stamp duty payable in respect of this Scheme (including in relation to carrying out and implementing this Scheme) shall be borne by the Transferee Company.

33. Other Corporate Actions

Nothing in this Scheme shall prevent the Transferee Company, from taking any corporate action, including but not limited to issue of any further capital, declaration of dividend, conversion of any convertible debt instrument that is issued or to be issued by the Transferee Company to any person or any investors, raising of funds by issue of equity shares and or preference shares and or any convertible

or non-convertible securities or instruments or bonus shares or rights offer or in any other manner subject to compliance of the Applicable Laws during pendency of this Scheme before any authority including Hon'ble NCLT or Hon'ble NCLAT, as the case may be.

Annexure A

Part A

1. *Details of the NCDs of the Transferee Company in terms of the SEBI Debt Circular:*

ISIN	INE735W08020	INE735W08038	INE735W08053
Date of issue	30 August 2018	26 June 2020	28 June 2024
Number of NCDs issued and allotted	1,500	1,950	20,000
Face value	INR 100,000	INR 1,000,000	INR 100,000
Coupon	10.577% per annum, payable quarterly – starting from 31 December 2018 until 30 August 2025	12.5% per annum, payable quarterly – starting from 26 September 2020 until 26 June 2027	11.0% per annum, payable quarterly – starting from 28 September 2024 until 28 June 2031
Tenure /	7 years	7 years	7 years
Maturity date	30 August 2025	26 June 2027	28 June 2031
Terms of redemption	Redeemable at par at maturity	Redeemable at par at maturity	Redeemable at par at maturity
Terms of early redemption	An early redemption is not permitted	An early redemption is not permitted except pursuant to the exercise of the call option (<i>see below</i>).	An early redemption is not permitted except pursuant to the exercise of the call option (<i>see below</i>).
Put / Call option	Not applicable	Call option: On 26 June 2025, with the prior approval of the RBI (Department of Regulation, RBI Central Office), the Transferee Company has a right but not an obligation to redeem the outstanding NCDs at par value along with the applicable coupon	Call option: On 28 June 2029, with the prior approval of the RBI (Department of Regulation, RBI Central Office), the Transferee Company has a right but not an obligation to redeem the outstanding NCDs at par value along with the applicable coupon
Credit Rating	CARE A+ (Stable) (pursuant to rating letter dated 22 September 2023)	ICRA A+ (Stable) (pursuant to rating letter dated 4 June 2024)	ICRA A+ (Stable) (pursuant to rating letter dated 4 June 2024)
Debenture Trustee	Catalyst Trusteeship Limited	IDBI Trusteeship Services Limited	Catalyst Trusteeship Limited

Part B

1. ***Latest audited financials along with notes to accounts and any audit qualifications:*** Please refer to following URL on the website of the Transferee Company.

[<https://www.utkarsh.bank/investors/>]
2. ***An auditor's certificate certifying the payment/ repayment capability of the resultant entity:*** Please refer to following URL on the website of the Transferee Company.

[<https://www.utkarsh.bank/investors/>]
3. ***Fairness report:*** Please refer to following URL on the website of the Transferee Company.

[<https://www.utkarsh.bank/investors/>]
4. ***Safeguards for the protection of holder of NCDs:*** Please refer to Clause 20.1 and 20.2 of the Scheme.
5. ***Exit offer to the dissenting holders of NCDs, if any:*** Please refer to Clause 20.3 of the Scheme.