

**SCHEME OF ARRANGEMENT**

**BETWEEN**

**EDELWEISS FINANCIAL SERVICES LIMITED**

**AND**

**EDELWEISS SECURITIES LIMITED**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**UNDER SECTIONS 230 TO 232 READ WITH SECTION 52 AND OTHER APPLICABLE  
PROVISIONS OF THE COMPANIES ACT, 2013**

**(A) DESCRIPTION OF COMPANIES**

1. **Edelweiss Financial Services Limited (“Demerged Company”)** is a public limited company incorporated under the provisions of the Companies Act, 1956. The Demerged Company is principally engaged in providing investment advisory services, merchant banking services (registered with SEBI (*as defined hereinafter*)), investment banking services and holding company activities comprising of development, managerial and financial support to the business of its subsidiaries. The equity shares of the Demerged Company are listed on the Stock Exchanges (*as defined hereinafter*).
2. **Edelweiss Securities Limited (“Resulting Company” or “ESL”)** is a public limited company incorporated under the provisions of the Companies Act, 1956. The Resulting Company is registered as a trading and clearing member with Stock Exchanges and provides securities broking, investment advisory and research analysis services to its clients. The Resulting Company is a SEBI registered stock broker, investment advisor and research analyst. The Resulting Company also acts as a ‘Sponsor’ to AIFs (*as defined hereinafter*).

**(B) OVERVIEW OF THE SCHEME**

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

**(C) RATIONALE**

1. The Demerged Company and the Resulting Company seek to reorganise their respective businesses, by transfer of the Demerged Undertaking from the Demerged Company to the Resulting Company, so as to consolidate the wealth management business under one single entity (i.e. the Resulting Company).
2. The demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company will result in the equity shares of the Resulting Company becoming listed on the National Stock Exchange Limited and BSE Limited, with the Resulting Company focussing exclusively on wealth management business and capable of independent valuation and participation therein by any suitable investor interested in such businesses, in the future.
3. The proposed restructuring pursuant to the said Scheme is expected, *inter alia*, to result in following benefits:

- (i) value unlocking of wealth management business with ability to achieve valuation based on respective-risk return profile and cash flows;
- (ii) attracting business specific investors and strategic partners and providing better flexibility in accessing capital, focused strategy and specialisation for sustained growth and thereby enable de-leveraging of the respective businesses in the longer-term;
- (iii) segregation and unbundling of the wealth management business of the Demerged Company into the Resulting Company, will enable enhanced focus on the Demerged Company and the Resulting Company for exploiting opportunities in their respective business domains; and
- (iv) focused management approach for pursuing the growth in the respective business' verticals and de-risk the businesses from each other.

The Scheme would be in the best interests of the shareholders, employees, creditors and other stakeholders of each of the Parties as it would result in enhancement of shareholder value, operational efficiencies and greater focus and would enable the management of each of the aforesaid companies to vigorously pursue revenue growth and expansion opportunities.

**(D) PARTS OF THE SCHEME**

The Scheme is divided into the following parts:

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

## PART I

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

#### 1. DEFINITIONS

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

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

**“AIF”** means Alternate Investment Funds, registered with SEBI under the SEBI (Alternative Investment Funds) Regulations, 2012;

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

**“Appointed Date”** means the Effective Date or such other date (if any) as may be decided by the Boards of the Parties;

**“Appropriate Authority”** means:

- (a) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, tribunals, central bank, commission or other authority thereof;
- (b) any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, Tax, importing, exporting or other governmental or quasi-governmental authority or any regulatory authority including without limitation, SEBI, clearing corporations, RoC and the Tribunal; and
- (c) any stock exchange, as applicable.

**“Board”** in relation to a Party, means the board of directors of such Party, and shall include a committee of directors or any person authorized by such board of directors or any person authorized by such committee duly constituted by the directors and

authorized for the relevant matters pertaining to this Scheme or any other matter relating hereto;

**“Consents”** means permission, ratification, notice, approval, consent, clearance, waiver, no objection certificate, or other permission of whatever nature and by whatever name called, which is required to be granted by the board of directors, the shareholders, the creditors or any other Person (not being a Appropriate Authority);

**“Demerged Company”** means Edelweiss Financial Services Limited, a public listed company incorporated under Companies Act, 1956, under the corporate identity number L99999MH1995PLC094641 and having its registered office at Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai - 400 098, Maharashtra;

**“Demerged Undertaking”** means the entire undertaking of the Demerged Company pertaining to the Wealth Management Business as of the Appointed Date, and shall include (without limitation):

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

advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company in relation to and pertaining to the Wealth Management Business;

- (d) all contracts, agreements, purchase orders/ service orders, agreement with customers, purchase and other agreements with the supplier/ service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims and clearances and other instruments of whatsoever nature and description including all client registration forms/ KYC (know your customer)/ POA (power of attorney), whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the Wealth Management Business;
- (e) all tax credits, refunds, reimbursements, claims, concessions, exemptions, benefits under Tax Laws including sales tax deferrals and minimum alternate tax paid under Section 115JB of the Income Tax Act, advance taxes, tax deducted at source, right to carry forward and set-off accumulated losses and unabsorbed depreciation, if any, deferred tax assets, minimum alternate tax credit, sales tax credit, value added tax credit, service tax credit, goods and service tax credit, other indirect taxes credit, deductions and benefits under the Income Tax Act or any other Taxation statute enjoyed by the Demerged Company pertaining to the Wealth Management Business;
- (f) all debts, borrowings and liabilities, whether present, contingent or deferred tax liabilities, whether secured or unsecured, pertaining to the Wealth Management Business ("**Liabilities of the Wealth Management Business**") namely:
  - i. the debts of Demerged Company which arises out of the activities or operations of the Wealth Management Business;
  - ii. specific loans and borrowings raised, incurred and utilised by Demerged Company for the activities or operations of or pertaining to the Wealth Management Business; and
  - iii. general or multipurpose borrowings, if any, of the Demerged Company will be apportioned basis the proportion of the value of the assets transferred in this demerger of Wealth Management Business to the total value of the assets of Demerged Company immediately before the said demerger;
- (g) all Permits, licences, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, designs, copyrights, patents and other intellectual property rights of the Demerged Company pertaining to its Wealth Management Business, whether registered or unregistered and powers of every kind, nature and description whatsoever, whether from the government bodies or otherwise, pertaining to or relating to the Wealth Management Business;
- (h) entire experience, credentials, past record and market share of the Demerged

Company pertaining to the Wealth Management Business;

- (i) all books, records, files, papers, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, pertaining to the Wealth Management Business of the Demerged Company; and;
- (j) all employees of the Demerged Company engaged in, or in relation to, the Wealth Management Business, on the date immediately preceding the Effective Date.

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

**“Effective Date”** means date on which last of the conditions specified in Clause 19 (Conditions Precedent) of this Scheme are complied with or waived, as may be applicable. Reference in this Scheme to the date of **“coming into effect of this Scheme”** or **“effectiveness of this Scheme”** or **“effect of this Scheme”** or **“upon the Scheme becoming effective”** shall mean the Effective Date;

**“EFSL ESOP”** means the Edelweiss Employee Stock Incentive Plan and Edelweiss Stock Appreciation Rights of the Demerged Company as framed under SEBI ESOP Regulation 2014;

**“EFSL SARP”** means the Edelweiss Stock Appreciation Rights Plan and Edelweiss Stock Appreciation Rights of the Demerged Company as framed under SEBI ESOP Regulations 2014;

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

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

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

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

**“Permits”** means all consents, licences, permits, certificates, permissions, authorisations, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, no objection certificates, grant, franchise, concession, order, registration, decree, or notice, whether governmental, statutory, regulatory or otherwise as required under Applicable Law, which are, or are required to be, granted by any Appropriate Authority;

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

**“Record Date”** means the date to be fixed by the Boards of the Demerged Company in consultation with the Resulting Company for the purpose of determining the shareholders of the Demerged Company for issue of the equity shares, pursuant to Part II of this Scheme;

**“Remaining Business of the Demerged Company”** means all the business, undertakings and assets and liabilities of the Demerged Company other than those forming part of the Demerged Undertaking;

**“Resulting Company”** means Edelweiss Securities Limited, a public limited company incorporated under the provisions of the Act and having its corporate identity number U67110MH1993PLC344634 and registered office at Edelweiss House, Off CST Road, Kalina, Mumbai – 400 098, Maharashtra;

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

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

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

**“Stock Exchanges”** means BSE Limited and National Stock Exchange of India Limited collectively;

**“SEBI Circular”** means the circular issued by the Securities and Exchange Board of India, being Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23 November 2021, and any amendments thereof issued pursuant to Regulations 11, 37 and 94 of the SEBI LoDR;

**“SEBI ESOP Regulations 2014”** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

**“SEBI LoDR”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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



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

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

**“Wealth Management Business”** means the business of the Demerged Company comprising of merchant banking, securities broking, investment advisory and research analysis services provided to clients and investments in any company carrying out such businesses.

1.2 In this Scheme, unless the context otherwise requires:

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

1.2.2 reference to any legislation, statute, regulation, rule, notification or any other provision of law means and includes references to such legal provisions as amended, supplemented or re-enacted from time to time, and any reference to a legal provision shall include any subordinate legislation made from time to time under such a statutory provision;

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

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

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

## 2. SHARE CAPITAL

- 2.1 The share capital structure of the Demerged Company as on 31 March 2022 is as follows:

Particulars	Amount in INR
<b>Authorised share capital</b>	
123,00,00,000 equity shares of INR 1 each	123,00,00,000
40,00,000 preference shares of INR 5 each	2,00,00,000
<b>Total</b>	<b>125,00,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
94,30,97,965 equity shares of INR 1 each	94,30,97,965
<b>Total</b>	<b>94,30,97,965</b>

The Demerged Company has outstanding employee stock options, the exercise of which may also result in an increase in the issued, subscribed and paid-up share capital of the Demerged Company.

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

- 2.2 The share capital structure of Resulting Company as on 10 May 2022 is as follows:

Particulars	Amount in Rs
<b>Authorised share capital</b>	
79,95,40,000 equity shares of Rs 10 each	799,54,00,000
4,60,000 Preference Shares of Rs. 10 each	46,00,000
1,20,00,000 Preference Shares of Rs. 1,000 each	1200,00,00,000
<b>Total</b>	<b>20,00,00,00,000</b>
<b>Issued and subscribed and paid up share capital</b>	
3,50,42,200 equity shares of Rs 10 each, fully paid up	35,04,22,000
<b>Total</b>	<b>35,04,22,000</b>

The Resulting Company has outstanding employee stock options and may further issue employee stock options, the exercise of which may also result in an increase in the issued, subscribed and paid-up share capital of the Resulting Company.

The equity shares of Resulting Company are not listed on any stock exchanges.

## 3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

This Scheme in its present form or with any modification(s) made as per Clause 18 of this Scheme, shall become operative from the Effective Date and effective from the Appointed Date in accordance with the terms hereof.

## PART II

### DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

#### 4. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

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

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

- 4.2 Without prejudice to the generality of the provisions of Clause 4.1 above, the manner of transfer and vesting of assets and liabilities forming part of the Demerged Undertaking under this Scheme, is as follows:

4.2.1 In respect of such of the assets and properties forming part of the Demerged Undertaking which are movable in nature (including but not limited to all intangible assets, copyrights and all such other industrial and intellectual property rights of whatsoever nature excluding trademarks, brands and logos) or are otherwise capable of transfer by delivery or possession or by endorsement, shall stand transferred upon the Part II of the Scheme coming into effect and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company without requiring any deed or instrument of conveyance for transfer of the same. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting and recordal, pursuant to this Scheme, as appropriate to the property being vested, and title to the property shall be deemed to have been transferred accordingly;

4.2.2 Subject to Clause 4.2.3 below, with respect to the assets forming part of the Demerged Undertaking other than those referred to in Clause 4.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in AIF units, shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Demerged Company, the same shall, without any

further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company, with effect from the Appointed Date by operation of law as transmission in favour of Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required;

- 4.2.3 In respect of such of the assets and properties forming part of the Demerged Undertaking which are immovable in nature, whether or not included in the books of the Demerged Company, including rights, interest and easements in relation thereto, the same shall stand transferred to the Resulting Company with effect from the Appointed Date, without any act or deed or conveyance being required to be done or executed by the Demerged Company and/or the Resulting Company;
- 4.2.4 For the avoidance of doubt and without prejudice to the generality of Clause 4.2.3 above and Clause 4.2.5 below, it is clarified that, with respect to the immovable properties forming part of the Demerged Undertaking in the nature of land and buildings, the concerned Parties shall register the true copy of the orders of the Tribunal approving the Scheme with the offices of the relevant Sub-registrar of Assurances or similar registering authority having jurisdiction over the location of such immovable property and shall also execute and register, as required, such other documents as may be necessary in this regard. For the avoidance of doubt, it is clarified that any document executed pursuant to this Clause 4.2.4 or Clause 4.2.5 below will be for the limited purpose of meeting regulatory requirements and shall not be deemed to be a document under which the transfer of any property of the Demerged Company takes place and the assets and liabilities forming part of the Demerged Undertaking shall be transferred solely pursuant to and in terms of this Scheme and the order of the Tribunal sanctioning this Scheme;
- 4.2.5 Notwithstanding anything contained in this Scheme, with respect to the immovable properties forming part of the Demerged Undertaking in the nature of land and buildings situated in states other than the state of Maharashtra, whether owned or leased, for the purpose of, *inter alia*, payment of stamp duty and vesting in the Resulting Company, if the Resulting Company so decides, the concerned Parties, whether before or after the Effective Date, may execute and register or cause to be executed and registered, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Resulting Company in respect of such immovable properties. Each of the immovable properties, only for the purposes of the payment of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a value determined by the relevant authorities in accordance with the applicable circle rates. The transfer of such immovable properties shall form an integral part of this Scheme;
- 4.2.6 All the Liabilities of the Wealth Management Business shall pursuant to the applicable provisions of the Act and the provisions of Part II of this Scheme and

without any further act or deed become the debts, liabilities, duties and obligations of the Resulting Company and the Resulting Company shall undertake to meet, discharge and satisfy the same in terms of their respective terms and conditions, if any. For the avoidance of doubt, it is clarified that 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 debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause. The amounts of general or multipurpose borrowings, if any, of the Demerged Company will be apportioned basis the proportion of the value of the assets transferred as part of the Demerged Undertaking to the total value of the assets of the Demerged Company immediately before the Appointed Date;

- 4.2.7 The Demerged Company may, at its sole discretion but without being obliged to, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that any debt, receivable, bill, credit, loan, advance, debenture or deposit, contracts or policies relating to the Demerged Undertaking stands transferred to and vested in the Resulting Company and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes;
- 4.2.8 Unless otherwise agreed to between the Boards of the Parties, the vesting of all the assets of the Demerged Company forming part of the Demerged Undertaking, as aforesaid, shall be free of Encumbrances.
- 4.2.9 Taxes, if any, paid or payable by the Demerged Company after the Appointed Date and specifically pertaining to Demerged Undertaking shall be treated as paid or payable by the Resulting Company and the Resulting Company shall be entitled to claim the credit, refund or adjustment for the same as may be applicable;
- 4.2.10 If the Demerged Company is entitled to any unutilized credits (including unutilised value added tax (VAT), sales tax, service tax, central value added tax (CENVAT), goods and services tax (GST) credits and unabsorbed depreciation or unabsorbed tax losses), exemptions, balances or advances, benefits under the incentive schemes and policies including tax holiday or concessions relating to the Demerged Undertaking under any Tax Laws or Applicable Laws, the Resulting Company shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits or exemptions, as the case may be, without any specific approval or permission;
- 4.2.11 Upon the Scheme becoming effective, the concerned Parties shall have the right to revise their respective financial statements, income tax returns, TDS returns and other statutory returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds, advance tax credits, MAT credit, credit of tax deducted at source, credit of foreign taxes paid/ withheld, carry forward of tax losses, credits in respect of sales tax, value added tax,

service tax, goods and services tax (GST), and other indirect taxes etc., and for matters incidental thereto, if required, to give effect to the provisions of the Scheme. It is further clarified that the Resulting Company shall be entitled to claim deduction under Section 43B of the Income Tax Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company;

- 4.2.12 Subject to Clause 4 and any other provisions of the Scheme, in respect of any refund, benefit, incentive, grant or subsidy in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper, stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant or subsidy be paid or made good to or held on account of the Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes;
- 4.2.13 On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Demerged Company and are in relation to or in connection with the Demerged Undertaking, shall be accepted by the bankers of the Resulting Company and credited to the account of Resulting Company, if presented by Resulting Company;
- 4.2.14 Permits, including the benefits attached thereto of the Demerged Company, in relation to the Demerged Undertaking, shall subject to Applicable Law be transferred to the Resulting Company from the Appointed Date, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of Resulting Company as if the same were originally given by, issued to or executed in favour of Resulting Company and the Resulting Company shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company to carry on the operations of the Demerged Undertaking without any hindrance, whatsoever; and
- 4.2.15 Contracts in relation to the Demerged Undertaking, where the Demerged Company is a party, shall stand transferred to and vested in the Resulting Company pursuant to the Scheme becoming effective. The absence of any formal amendment or novation which may be required by a third party to effect such transfer and vesting shall not affect the operation of the foregoing sentence. The Parties shall, wherever necessary, enter into and/ or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause.

- 4.3 Without prejudice to the provisions of the foregoing sub-clauses of this Clause, the concerned Parties may execute any and all instruments or documents and do all the acts, deeds and things as may be required, including executing and filing necessary confirmatory deeds, filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to the Scheme. The Resulting Company shall take such actions as may be necessary and permissible to get the assets, Permits and contracts forming part of the Demerged Undertaking transferred and/ or registered in its name.

## **5. EMPLOYEES**

- 5.1 With effect from the Effective Date, the Resulting Company undertakes to engage, without any interruption in service, all employees forming part of the Demerged Undertaking, on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company immediately prior to the Effective Date. The Resulting Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company with any of the aforesaid employees or union representing them. The Resulting Company agrees that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits. The decision on whether or not an employee is part of the Demerged Undertaking, shall be decided mutually by the Parties, and shall be final and binding on all concerned.
- 5.2 Upon the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, employment information, including personnel files (including hiring documents, existing employment contracts, and documents reflecting changes in an employee's position, compensation, or benefits), payroll records, medical documents (including documents relating to past or on-going leaves of absence, on the job injuries or illness, or fitness for work examinations), disciplinary records, supervisory files relating to the employees of the Demerged Undertaking and all forms, notifications, orders and contribution/ identity cards issued by the concerned authorities relating to benefits shall be deemed to have been transferred to the Resulting Company.
- 5.3 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such provident fund, gratuity fund and superannuation funds nominated by the Resulting Company and/ or such new provident fund, gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Resulting Company. Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the said employees would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Demerged Company.

#### 5.4 Employee stock options:

- 5.4.1 The employee stock options and employee stock appreciation rights granted by the Demerged Company under the EFSL ESOP and EFSL SARP respectively, would continue to be held by the employees concerned (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company or its subsidiaries). Upon coming into effect of the Scheme, the Demerged Company shall take necessary steps to modify the EFSL ESOP and EFSL SARP in a manner considered appropriate and in accordance with the Applicable Laws, in order to enable the continuance of the same in the hands of the employees who become employees of the Resulting Company or its subsidiaries, subject to the approval of the Stock Exchange and the relevant regulatory authorities, if any under Applicable Law;
- 5.4.2 Upon the Scheme coming into effect, the employee stock options and employee stock appreciation rights granted by the Demerged Company under the EFSL ESOP and EFSL SARP respectively, shall be restructured by the Board of the Demerged Company in such a manner that the employees on exercise of such employee stock options and employee stock appreciation rights will be entitled to the same benefit in terms of value of equity shares of the Demerged Company as they would have received on exercise of the employee stock options and employee stock appreciation rights prior to the demerger. While determining the minimum vesting period required for such employee stock options and employee stock appreciation rights, the Demerged Company shall take into account the period for which the employees forming part of the Demerged Undertaking held stock options and employee stock appreciation rights prior to their transfer to the Resulting Company pursuant to the Scheme.
- 5.4.3 The existing exercise price of the stock options and stock appreciation rights granted by the Demerged Company under the EFSL ESOP and EFSL SARP respectively, shall be modified and the Board of the Demerged Company shall determine the exercise price consequent to the demerger taking into account the transfer of the Demerged Undertaking to the Resulting Company pursuant to the Scheme.
- 5.4.4 The Board of the Demerged Company 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 5. Approval granted to the Scheme by the shareholders of the Demerged Company shall also be deemed to be approval granted to any modifications made to the EFSL ESOP and EFSL SARP of the Demerged Company.

#### **6. LEGAL PROCEEDINGS**

Upon coming into effect of this Scheme, other than as may be agreed between the Parties, all such suits, actions, administrative proceedings, tribunals proceedings,



show cause notices, demands and legal proceedings of whatsoever nature in relation to the Demerged Undertaking, for a period prior to the Effective Date, shall be enforced against the Demerged Company and pertaining to the period after the Effective Date shall be enforced against the Resulting Company.

## 7. CONSIDERATION

- 7.1 Upon Part II of the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, the Resulting Company shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot 1,05,28,746 (One crore five lakhs twenty eight thousand seven hundred and forty six) fully paid up equity shares of INR 10 (Indian Rupees Ten) each of the Resulting Company ("**Resulting Company New Equity Shares**"), credited as fully paid up, to the equity shareholders of the Demerged Company whose name is recorded in the register of members/ records of the depository as members of the Demerged Company as on the Record Date, in each case, in proportion to the number of equity shares held by the shareholders in the Demerged Company.
- 7.2 The Resulting Company New Equity Shares shall be subject to the provisions of the memorandum of association and articles of association of Resulting Company, as the case may be, and shall rank *pari passu* in all respects with any existing equity shares of Resulting Company, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares of the Resulting Company.
- 7.3 The issue and allotment of Resulting Company New Equity Shares, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Laws as may be applicable were duly complied with. It is clarified that the approval of the members of the Resulting Company and/ or the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of Resulting Company New Equity Shares.
- 7.4 Subject to Applicable Laws, the Resulting Company New Equity Shares that are to be issued in terms of this Scheme shall be issued in dematerialised form. The register of members maintained by the Resulting Company and/ or, other relevant records, whether in physical or electronic form, maintained by the Resulting Company, the relevant depository and registrar and transfer agent in terms of Applicable Laws shall (as deemed necessary by the Board of the Resulting Company) be updated to reflect the issue of Resulting Company New Equity Shares in terms of this Scheme. The shareholders of the Demerged Company who hold equity shares in physical form, should provide the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required, to the Resulting Company, prior to the Record Date to enable it to issue the Resulting Company New Equity Shares.

- 7.5 However, if no such details have been provided to the Resulting Company by the equity shareholders holding equity shares in physical share certificates on or before the Record Date, the Resulting Company shall deal with the relevant equity shares in such manner as may be permissible under the Applicable Law, including by way of issuing the corresponding equity shares in dematerialised form to a trustee nominated by the Board of Resulting Company ("**Trustee of Resulting Company**") who shall hold these equity shares in trust for the benefit of such shareholder. The equity shares of Resulting Company held by the Trustee of Resulting Company for the benefit of the shareholder shall be transferred to the respective shareholder once such shareholder provides details of his/her/its demat account to the Trustee of Resulting Company, along with such other documents as may be required by the Trustee of Resulting Company. The respective shareholders shall have all the rights of the shareholders of the Resulting Company, including the right to receive dividend, voting rights and other corporate benefits, pending the transfer of equity shares from the Trustee of Resulting Company.
- 7.6 For the purpose of the allotment of the Resulting Company New Equity Shares, pursuant to this Scheme, in case any shareholder's holding in any of the Demerged Company is such that the shareholder becomes entitled to a fraction of a share of the Resulting Company, the Resulting Company shall not issue fractional shares to such shareholder and shall consolidate all such fractions and round up the aggregate of such fractions to the next whole number and issue consolidated Resulting Company New Equity Shares to a trustee (nominated by the Resulting Company in that behalf) in dematerialised form, who shall hold such shares, with all additions or accretions thereto, in trust for the benefit of the respective shareholders to whom they belong for the specific purpose of selling such shares in the market at such price or prices and at any time within a period of 90 (ninety) days from the date of allotment of the Resulting Company New Equity Shares and distribute the net sale proceeds (after deduction of the expenses incurred and applicable income tax) to the respective shareholders in the same proportion of their fractional entitlements. Any fractional entitlements from such net proceeds shall be rounded off to the next Rupee. It is clarified that any such distribution shall take place only on the sale of all the fractional shares of the Resulting Company pertaining to the fractional entitlements.
- 7.7 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of the Resulting Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Demerged Company, after the effectiveness of this Scheme.
- 7.8 The Resulting Company New Equity Shares to be issued pursuant to this Scheme in respect of any equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Resulting Company.

- 7.9 The Resulting Company New Equity Shares to be issued by the Resulting Company *in lieu* of the shares of the Demerged Company held in the respective unclaimed suspense account of the Demerged Company shall be issued to a new unclaimed suspense account created for shareholders of the Resulting Company.
- 7.10 In the event, the Demerged Company or the Resulting Company restructure their equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share entitlement ratio, per Clause 7.1 above shall be adjusted accordingly, to consider the effect of any such corporate actions.
- 7.11 The Resulting Company shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The equity shares of the Resulting Company issued to the shareholders of the Demerged Company, shall remain frozen in the depository system till listing/ trading permission is given by the designated stock exchange.
- 7.12 Upon listing of equity shares of the Resulting Company pursuant to this Scheme, the shareholders of the Resulting Company, except PAGAC Ecstasy Pte. Ltd and its affiliates, shall be categorised as 'public' shareholders and the term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957.
- 7.13 The Resulting Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the concerned Stock Exchanges.
- 7.14 The Resulting Company shall, to the extent required, amend its memorandum of association to increase its authorized share capital in order to issue Resulting Company New Equity Shares, as per the applicable provisions of the Act, prior to allotment of Resulting Company New Equity Shares and amend its articles of association to reflect such increase.

## **8. REDUCTION AND CANCELLATION OF EXISTING EQUITY SHARES OF THE RESULTING COMPANY HELD BY THE DEMERGED COMPANY**

- 8.1 With effect from the Effective Date, the paid up equity share capital of the Resulting Company to the extent held by Demerged Company, as on Effective Date ("**Resulting Company Cancelled Shares**") shall without any further application, act, instrument or deed, stand cancelled, extinguished and annulled.
- 8.2 The reduction and cancellation of the Resulting Company Cancelled Shares shall be effected as an integral part of this Scheme under Sections 230 to 232 of the Act, without having to follow the process under Section 66 of the Act separately.
- 8.3 On effecting the reduction and cancellation of Resulting Company Cancelled Shares as stated in Clause 8.1 above, the share certificates in respect of the Resulting Company Cancelled Shares held by their respective holders shall also be deemed to have been cancelled.

- 8.4 On the Effective Date, the Resulting Company shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company Cancelled Shares.
- 8.5 Notwithstanding the reduction and cancellation of Resulting Company Cancelled Shares, the Resulting Company shall not be required to add 'And Reduced' as suffix to its name consequent upon the reduction of capital under Clause 8.1 above.
- 8.6 The reduction and cancellation of the Resulting Company Cancelled Shares, does not involve any diminution of liability of in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form.

## **9. REDUCTION OF CAPITAL OF THE RESULTING COMPANY**

- 9.1 Any debit balance in the retained earnings of the Resulting Company as on the Effective Date shall be adjusted against the capital reserve of the Resulting Company and balance if any, shall be adjusted against the securities premium account of the Resulting Company.
- 9.2 The utilisation of capital reserve and securities premium account of the Resulting Company as mentioned in this Scheme shall be effected as an integral part of this Scheme under Sections 230 to 232 of the Act, without having to follow the process under Section 52 or Section 66 of the Act separately. Notwithstanding the above reduction in the capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name. It is further clarified that the procedure under Section 66 of the Act shall not be applicable in view of the explanation to Section 230 of the Act.
- 9.3 The reduction of capital of the Resulting Company, as above, does not involve any diminution of liability of in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form.

## **10. ACCOUNTING TREATMENT BY THE PARTIES IN RESPECT OF THEIR RESPECTIVE BOOKS OF ACCOUNTS**

### **10.1 Accounting treatment in the books of the Demerged Company:**

10.1.1 The Demerged Company shall account for the demerger/ distribution of Demerged Undertaking and investment in the equity share of the Resulting Company in accordance with Appendix A of Indian Accounting Standard ("Ind-AS") 10 'Distribution of Non-Cash Assets to Owners' prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time, in the books of accounts of the Demerged Company, as on the Effective Date in the following manner:

- 10.1.1.1 The Demerged company shall measure a liability to distribute non-cash assets to its owners at the fair value of the Demerged Undertaking to be distributed with a corresponding debit to the retained earnings.

- 10.1.1.2 The Demerged Company shall reduce from its books of accounts, the carrying amount of assets and liabilities pertaining to the Demerged Undertaking, being transferred to the Resulting Company.
- 10.1.1.3 Inter-company balances and transaction between the Resulting Company and the Demerged Undertaking of the Demerged Company, if any, including inter-company investments will stand cancelled.
- 10.1.1.4 The Demerged Company shall recognise the difference, if any, between the carrying amount of the liability as per Clause 10.1.1.1 above and the carrying value of assets and liabilities of Demerged Undertaking as per Clause 10.1.1.2 above and after giving effect to Clause 10.2.1.3 above in the statement of profit and loss account.
- 10.1.1.5 For accounting purpose, the Scheme will be given effect on the date when all substantial conditions for the transfer of Demerged Undertaking are completed.
- 10.1.2 Any matter not dealt with in Clause hereinabove shall be dealt with in accordance with the Indian Accounting Standards applicable to the Demerged Company.

10.2 Accounting treatment in the books of the Resulting Company:

10.2.1 The Resulting Company shall account for transfer/ demerger of Demerged Undertaking of Demerged Company into the Resulting Company as per Indian Accounting Standard 103 on Business Combinations notified under Section 133 of the Companies Act, 2013, under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time, in its books of accounts such that:

10.2.1.1 The Resulting Company shall recognize all assets and liabilities of the Demerged Undertaking of Demerged Company transferred to and vested in the Resulting Company pursuant to this Scheme using the acquisition method. Such assets may also include acquired identifiable intangible assets, whether previously recorded in the books of accounts of the Demerged Undertaking of Demerged Company or not. At the acquisition date (i.e., determined in accordance with IND AS 103), the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The difference between the assets and liabilities as recognized by the Resulting Company is referred as “**Net Assets**”.

- 10.2.1.2 The consideration for the Demerged Undertaking paid by the Resulting Company, as prescribed in Clause 7 above, will be determined on the date of acquisition determined as per Ind AS 103;
- 10.2.1.3 Pursuant to the demerger of Demerged Undertaking with the Resulting Company, the inter-company balances, if any, between the Resulting Company and the Demerged Undertaking, if any appearing in the books of the Resulting Company shall stand cancelled;
- 10.2.1.4 The difference between the aggregate of the consideration transferred as per Clause 10.2.1.2 above over the value of Net Assets of the Demerged Undertaking as per Clause 10.2.1.1 above and after giving effect to Clause 10.2.1.3 above shall be treated as goodwill in the books of the Resulting Company. If the amount of aggregate of the consideration transferred as per Clause 10.2.1.2 above is less than amount of Net Assets of the Demerged Undertaking as per Clause 10.2.1.1 above and after giving effect to Clause 10.2.1.3 above shall be treated as capital reserve.
- 10.2.2 The Resulting Company's own equity shares so demerged as per the Scheme shall stand cancelled against the equity share capital of the Resulting Company at face value. No gain or loss shall be recognised in profit or loss on the purchase or cancellation of an entity's own equity share capital. The cancellation of equity share will be affected as part of this Scheme in accordance with provisions of Sections 230 to 232 of the Act pursuant to Clause 8 of this scheme.
- 10.2.3 The Resulting Company shall credit to its equity share capital, the aggregate face value of the Resulting Company New Equity Shares issued by it pursuant to Clause 7.1 of this Scheme.
- 10.2.4 For accounting purpose, the Scheme will be given effect on the date when all substantial conditions for the transfer of the Demerged Undertaking are completed.
- 10.2.5 Any matter not dealt with in Clause hereinabove shall be dealt with in accordance with the Indian Accounting Standards applicable to the Resulting Company.

## **PART III**

### **GENERAL TERMS & CONDITIONS**

#### **11. DIVIDENDS**

- 11.1 The Parties shall be entitled to declare and pay dividends, whether interim or final, and/ or issue bonus shares prior to the Effective Date and in accordance with the Applicable Law and respective dividend policies of the Parties, if any, and in ordinary course of business.
- 11.2 It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Parties to demand or claim or be entitled to any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of the Parties, and subject to approval of the shareholders of the Parties, as applicable.

#### **12. REMAINING BUSINESS**

- 12.1 The Remaining Business of the Demerged Company and all the assets, investments, liabilities and obligations of the Demerged Company, shall continue to belong to and be vested in and be managed by the Demerged Company. With effect from the Effective Date, only the Demerged Company shall be liable to perform and discharge all liabilities and obligations in relation to the Remaining Business of the Demerged Company and the Resulting Company shall not have any liability or obligation in relation to the Remaining Business of the Demerged Company.
- 12.2 All legal, Tax and/or other proceedings by or against the Demerged Company under any statute, whether pending on the Effective Date or which may be instituted at any time thereafter, which relate to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business of the Demerged Company) shall be continued and enforced against the Demerged Company. The Resulting Company shall in no event be responsible or liable in relation to any such legal, Tax or other proceedings relating to the Remaining Business of the Demerged Company.
- 12.3 If the Resulting Company is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority, relating to the Remaining Business of the Demerged Company, the Parties shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to substitute the Resulting Company with the Demerged Company. However, if the Resulting Company is unable to get the Demerged Company so substituted in such proceedings, it shall defend the same or deal with such demand in accordance with the advice of the Demerged Company and at the cost of the Demerged Company and the latter shall

reimburse the Resulting Company against all losses, costs, liabilities and obligations incurred by or against the Resulting Company in respect thereof.

**13. VALIDITY OF EXISTING RESOLUTIONS, ETC.**

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

**14. BUSINESS UNTIL EFFECTIVE DATE**

- 14.1 With effect from the date of approval of the Scheme by the respective Boards of the Parties and up to and including the Effective Date, the Demerged Company shall ensure that the Wealth Management Business forming part of the Demerged Undertaking is carried on in the ordinary course of business, other than as required to give effect to the provisions of this Scheme in accordance with Applicable Law. The Demerged Company shall carry on its Wealth Management Business with reasonable diligence and business prudence and in the same manner as had been doing hitherto.
- 14.2 The Demerged Company, with respect to Demerged Undertaking shall not alter or substantially expand its business, or undertake: (i) any material decision in relation to its business and affairs and operations other than that in the ordinary course of business; (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of business); and (iii) any new business, or discontinue any existing business other than that in the ordinary course of business, except with the written concurrence of the Board of the Resulting Company.
- 14.3 The Demerged Company, with respect to Demerged Undertaking shall not vary the terms and conditions of employment of any of its employees, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken except with the written concurrence of the Resulting Company.
- 14.4 For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, the Resulting Company shall at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the demerger of the Demerged Undertaking in accordance with the provisions of Sections 230 to 232 of the Act. The Resulting Company shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect



to the vesting order passed under Section 232 of the Act in respect of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges, and be liable to pay all Taxes and charges and fulfil all its obligations, in relation to or applicable to all immovable properties, including mutation and/ or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Resulting Company pursuant to the sanction of the Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Resulting Company. It is clarified that the Resulting Company shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/ or substitution.

#### **15. PROPERTY IN TRUST**

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

#### **16. FACILITATION PROVISIONS**

It is clarified that approval of the Scheme by the respective shareholders of the Parties under Sections 230 to 232 of the Act shall be deemed to have also been accorded under Section 188 and other applicable provisions of the Act and that no separate approval of the Board (or committee of the Board) and/or shareholders of the Parties shall be required to be obtained by any Party.

#### **17. APPLICATIONS/PETITIONS TO THE TRIBUNAL**

- 17.1 The Parties shall make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme under the provisions of the Act.
- 17.2 The Parties shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals which the Resulting Company may require to own the assets and/ or liabilities of the Demerged Undertaking and to carry on the Wealth Management Business.

## **18. MODIFICATION OR AMENDMENTS TO THIS SCHEME**

- 18.1 The Boards of the Parties, may consent jointly but not individually, to make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. The Board of the Parties acting jointly may consent to any conditions or limitations that the Tribunal or any other Appropriate Authority may impose.
- 18.2 For the purposes of giving effect to this Scheme or any modification thereof, the Board of the Parties acting jointly may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding on all Parties as if the same were specifically incorporated in this Scheme.
- 18.3 It is clarified that if any modifications are required post satisfaction of the conditions precedent mentioned in Clause 19 and the Scheme having been made effective, the Effective Date shall not be affected by any such modifications that might be required to be made and the Effective Date for such modified Scheme shall be same as the date on which Scheme was made effective prior to the modifications.

## **19. CONDITIONS PRECEDENT**

- 19.1 Unless otherwise decided (or waived) by the Parties, the effectiveness of this Scheme is and shall be conditional upon and subject to the fulfilment or waiver (to the extent permitted under the Applicable Law) of the following conditions precedent:
- 19.1.1 obtaining no-objection/ observation letter from BSE Limited and National Stock Exchange of India Limited in relation to the Scheme under Regulation 37 of the SEBI LoDR;
- 19.1.2 approval of the Scheme by the requisite majority of each class of shareholders and such other classes of Persons of the Parties, if any, as applicable or as may be required under the Act and as may be directed by the Tribunal;
- 19.1.3 the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast against the proposal by the public shareholders of the Demerged Company, as required under the SEBI Circular;
- 19.1.4 the Demerged Company complying with other provisions of the SEBI Circular, including seeking approval of its shareholders through e-voting, as applicable;
- 19.1.5 the sanctions and orders of the Tribunal for the Scheme, under Sections 230 to 232 being obtained by the Parties;
- 19.1.6 the requisite consent, approval or permission of the Appropriate Authority or any other Person which by Applicable Law or contract, agreement may be necessary for the implementation of this Scheme;

- 19.1.7 any other conditions as may be mutually agreed between the Parties in writing, prior or after the date of filing of the Scheme with the Tribunal, as conditions precedent to the effectiveness of the Scheme; and
- 19.1.8 certified/ authenticated copies of the orders of the Tribunal, sanctioning the Scheme, being filed by the Parties with the RoC having jurisdiction over the Parties.
- 19.2 It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that Parties may have under or pursuant to all Applicable Laws.
- 19.3 On the approval of this Scheme by each class of shareholders of the Parties and such other classes of Persons of the Parties, if any, pursuant to Clause 19.1, such classes of shareholders and classes of Persons shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the Scheme.

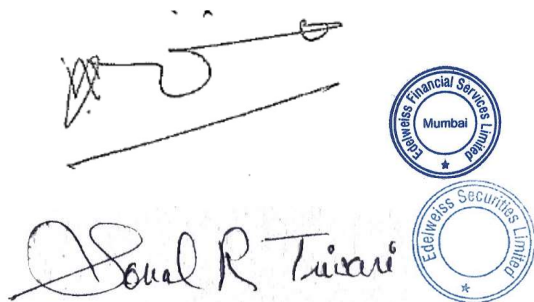
## 20. WITHDRAWAL OF THIS SCHEME AND NON-RECEIPT OF APPROVALS

The Parties, acting jointly, shall be at liberty to withdraw the Scheme, any time before the Scheme is effective. In the event that any conditions precedent under Clause 19 have not been satisfied or the Scheme has not been made effective in accordance with the terms hereof within 36 (thirty six) months from 26 March 2021 (“**Long Stop Date**”), unless mutually extended by the Boards of the Parties, this Scheme shall stand revoked, cancelled and null and void.

## 21. SAVING OF CONCLUDED TRANSACTIONS

Nothing in this Scheme shall affect any transaction or proceedings already concluded or liabilities incurred by the Demerged Company in relation to the Demerged Undertaking until the Appointed Date, to the end and intent that the Resulting Company shall accept and adopt all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of the Resulting Company.

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The block contains a handwritten signature in blue ink, which appears to be 'Sonal R. Tiwari'. To the right of the signature are two circular blue ink stamps. The top stamp is from 'Eduvise Financial Services Limited, Mumbai' and the bottom stamp is from 'Eduvise Securities Limited'. Both stamps have a star symbol at the bottom.