

**SCHEME OF ARRANGEMENT**

**BETWEEN**

**RELIGARE ENTERPRISES LIMITED**

**&**

**RELIGARE FINVEST LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**UNDER SECTIONS 230 TO 232 READ WITH SECTION 52, SECTION 66 AND OTHER  
APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013**

**(A) DESCRIPTION OF COMPANIES**

1. Religare Enterprises Limited (“REL” or the “**Demerged Company**”) is a company incorporated under the Companies Act, 1956. The Demerged Company is registered with Reserve Bank of India (“RBI”) as a core investment company (“CIC”) bearing registration no. N-14.03222. The Demerged Company is engaged in multiple businesses namely, insurance services and financial services including lending activities, broking activities, investment activities and ancillary and support services, directly or through its subsidiaries. The equity shares of the Demerged Company are listed on the Stock Exchanges (*as defined hereinafter*). The Demerged Company is in the process of shifting its registered office from National Capital Territory of Delhi to Haryana.
2. Religare Finvest Limited (“RFL” or the “**Resulting Company**”) is a company incorporated under the Companies Act, 1956 and is a wholly-owned subsidiary of the Demerged Company. The Resulting Company is a registered non-banking financial company (Investment and Credit Company – Middle Layer) bearing registration no. B-14-02107 and is, *inter alia*, engaged in the business of lending, investment, financial advisory services and distribution of third-party financial products. The equity shares of the Resulting Company are presently not listed on the Stock Exchanges. The Resulting Company is in the process of shifting its registered office from National Capital Territory of Delhi to Haryana.

**(B) OVERVIEW OF THE SCHEME**

1. This Scheme (*as defined hereinafter*) provides for (i) demerger, transfer and vesting of the Demerged Undertaking (*as defined hereinafter*) from the Demerged Company into the Resulting Company on a *going concern* basis and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company in consideration thereof; (ii) consequent reduction and cancellation of the entire pre-scheme share capital of the Resulting Company; and (iii) various other matters consequential or integrally connected therewith, pursuant to Sections 230 to 232 read with Section 52 and 66 and other applicable provisions of the Act (*as defined hereinafter*) in the manner provided for in this Scheme and in compliance with the provisions of the SEBI Scheme Circular – Equity (*as defined hereinafter*) and the Income Tax Act (*as defined hereinafter*), including Section 2(19AA) thereof.

**(C) RATIONALE**

- (i) The Demerged Company has interests in multiple businesses and business activities, amongst which are the businesses and activities comprising of the Demerged Undertaking. The business and activities forming part of the Demerged Undertaking are carried on by the Demerged Company directly or through its subsidiaries.
- (ii) Further growth and expansion of the businesses comprising of the Demerged Undertaking would require differentiated strategy aligned to its industry specific risks, market dynamics and growth trajectory.
- (iii) The nature and competition involved in the businesses comprising of the Demerged Undertaking is distinct from the other businesses and it is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders.
- (iv) The following benefits shall accrue on demerger of the Demerged Undertaking into the

Resulting Company:

- (a) creation of an independent company focusing exclusively on the businesses undertaken by the Demerged Undertaking and exploring opportunities in the said sector;
- (b) the independent company can attract different sets of investors, strategic partners, lenders and other stakeholders having a specific interest in the businesses undertaken by the Demerged Company;
- (c) creation of an independent company facilitates more targeted and efficient regulatory compliance and supervision of the businesses comprising of the Demerged Undertaking;
- (d) enable the formulation and implementation of risk management policies and internal compliance frameworks that will improve monitoring of risks associated with the businesses comprised of the Demerged Undertaking;
- (e) will enable the Resulting Company to focus and enhance the business comprising of the Demerged Undertaking by streamlining the management structure and ensuring better management and governance control;
- (f) given the unique characteristics of the businesses comprising of the Demerged Undertaking, creation of a separate publicly listed company for the Demerged Undertaking will enable the Resulting Company to pursue new growth opportunities, attract and retain sector-focused talent and resources, and create sustainable value for shareholders; and
- (g) unlock the value of the businesses comprising of the Demerged Undertaking for the shareholders of the Demerged Company.

The Scheme is in the interest of all stakeholders of the Demerged Company and the Resulting Company.

**(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 issue of equity shares by the Resulting Company to the shareholders of the Demerged Company, in consideration thereof; and
3. **PART III** deals with the general terms and conditions applicable to this Scheme.

**PART I**  
**DEFINITIONS, SHARE CAPITAL OF THE PARTIES, 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 and any rules, regulations, circulars, notifications, clarifications, orders or guidelines issued thereunder and as amended from time to time and includes any statutory replacement or re-enactment thereof, if the context so requires and as may be applicable;

“**Applicable Law**” or “**Law**” means any applicable national, foreign, provincial, local or other law including applicable provisions of all (a) constitutions, decrees, treaties, statutes, enactments, laws (including the common law), bye-laws, codes, notifications, rules, regulations, policies, guidelines, circulars, press notes, clearances, approvals, directions, directives, ordinances or orders of any Appropriate Authority; (b) Permits; and (c) orders, decisions, writs, injunctions, judgments, awards and decrees of any Appropriate Authority having jurisdiction over the Parties, in each case having the force of law and that is binding or applicable to a person, as may be in force from time to time;

“**Appointed Date**” means the Effective Date of the Scheme or such other date as may be approved by the Boards of the Demerged Company and the Resulting Company in accordance with the terms of this Scheme;

“**Appropriate Authority**” means:

- (i) 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, Tribunal, central bank, commission or other authority thereof;
- (ii) any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, statutory, licensing, competition, Tax, importing, exporting or other governmental or quasi-governmental authority including without limitation, SEBI, RBI and the Tribunal; and
- (iii) any Stock Exchange.

“**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 such committee of directors;

“**Demerged Company**” means Religare Enterprises Limited, a company incorporated under the Companies Act, 1956, having corporate identity number: L74899DL1984PLC146935 and having its registered office at First Floor, Office No. 101, 2E/23, Jhandewalan Extension, New Delhi, India – 110055 or such other amended and updated corporate identity number and registered office as may be reflected in the records of the RoC on the Appointed Date;

“**Demerged Company Stock Options**” means employee stock options granted and / or vested by the Demerged Company under Demerged Company Stock Option Plan;

**“Demerged Company Stock Options Plan”** means Religare Enterprises Limited Employees Stock Option Plan 2019, issued and adopted by the shareholders of the Demerged Company on March 29, 2019;

**“Demerged Undertaking”** means all the businesses, undertakings, activities and operations of the Demerged Company pertaining to the financial services business activities including lending activities, broking activities, investment activities and ancillary and support services, on a going concern basis, together with all its assets, properties, investments and liabilities of whatsoever nature and kind, and wheresoever situated, as on the Appointed Date and shall include (without limitation):

- (i) all movable and immovable properties of the Demerged Company, whether freehold or leasehold or licensed, including tenancy rights, hire purchase and lease arrangements, real or personal, corporeal or incorporeal or otherwise, present, future, contingent, tangible or intangible, and associated capital costs, security deposits, capital work in progress, easmentary rights, rights of way, furniture, fixtures, office equipment, appliances, accessories, vehicles, stocks, sundry debtors, deposits, provisions, advances, recoverables, receivables, title, interest, cash and bank balances, bills of exchange, covenants, all earnest monies, or other entitlements, funds, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever and all the rights, title, interests, goodwill, benefits, fiscal incentives, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Demerged Company;
- (ii) investments in subsidiaries, step-down subsidiaries, associates and joint ventures engaged in the businesses comprising of the Demerged Undertaking, including any other securities or investments held by the Demerged Company in any other Person, whether in India or overseas, that is engaged in or otherwise related to the businesses comprising of the Demerged Undertaking;
- (iii) Demerged Undertaking Liabilities;
- (iv) contracts, agreements, schemes, arrangements, know your customer (KYC) details and any other instruments pertaining to the Demerged Undertaking;
- (v) all refunds, reimbursements, deposits, claims, concessions, exemptions, benefits including sales tax deferrals, income tax deducted at source, goods and service tax credit, deductions and benefits under the relevant Applicable Law or Tax Laws pertaining to the Demerged Undertaking;
- (vi) all Permits, quotas, incentives, powers, authorities, allotments, rights, benefits, advantages, pertaining to the Demerged Undertaking;
- (vii) all intellectual property and intellectual property rights, brands, logos, designs, labels, tradenames and trademarks of the Demerged Company in relation to the Demerged Undertaking (including any applications for the same) of any nature whatsoever, including all books, records, files, papers, engineering and process information, computer programs, domain names, software licenses (whether proprietary or otherwise), research and studies, technical knowhow, confidential information and other benefits, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former investors, investor credit information, pricing

information, and other records whether in physical or electronic form in connection with or pertaining to the Demerged Undertaking;

- (viii) 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 Demerged Undertaking;
- (ix) all civil or other litigations and proceedings in relation to the Demerged Undertaking;
- (x) entire experience, credentials, past record and market share of the Demerged Company pertaining to the Demerged Undertaking; and
- (xi) all employees engaged in or pertaining to the Demerged Undertaking.

Provided that, the Demerged Undertaking shall exclude all businesses, undertakings, activities and operations, together with all the assets, properties, investments, permits, contracts and liabilities relating to or arising out of the Remaining Business of the Demerged Company.

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

**“Demerged Undertaking Liabilities”** means the liabilities as defined in Clause 4.2.6 of the Scheme;

**“Effective Date”** means the day or the last of the dates on which last of the conditions precedent set forth in Clause 20 (Conditions Precedent) are fulfilled, obtained, or waived (if permitted under Applicable Law), as applicable in accordance with this Scheme

References in this Scheme to the date of **“coming into effect of this Scheme”** or **“upon the Scheme becoming effective”** or “upon the effectiveness of the Scheme” shall mean the Effective Date;

**“Eligible Employees”** means all such eligible employees, who have been granted the Demerged Company Stock Options as on the Effective Date, irrespective of whether the same are vested or not;

**“GST Acts”** means the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the State Goods and Service Acts, 2017, the Union Territory Goods and Service Acts, 2017, and all rules, regulations, circulars, notifications, clarifications, orders or guidelines issued thereunder and as amended from time to time and include any statutory replacement or re-enactment thereof, if the context so requires and as may be applicable;

**“Income Tax Act”** means the Income-tax Act, 1961 or Income Tax Act, 2025 and all rules, regulations, circulars, notifications, clarifications, orders or guidelines issued thereunder and as amended from time to time and include any statutory replacement or re-enactment thereof, if the context so requires and as may be applicable;

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

**“Permits”** means all consents, licences, permits, certificates, permissions, authorisations, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions,

registrations, filings, no objections, whether governmental, statutory, regulatory or otherwise as required under Applicable Law;

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

“**RBI**” means the Reserve Bank of India;

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

“**Record Date**” means the date to be fixed by the Board of the Resulting Company in consultation with the Board of the Demerged Company for the purpose of determining the shareholders of the Demerged Company for issue of the Resulting Company New Equity Shares;

“**Remaining Business**” means all the units, divisions, undertakings, assets and liabilities of in relation to the Demerged Company’s insurance business, comprising of its investment and shareholding in Care Health Insurance Limited;

“**Resulting Company**” means Religare Finvest Limited, a company incorporated under the Companies Act, 1956, having corporate identity number U74999DL1995PLC064132 and its registered office at First Floor, Office No. 101, 2E/23, Jhandewalan Extension, New Delhi, India – 110055 or such other amended and updated corporate identity number and registered office as may be reflected in the records of the RoC on the Appointed Date;

“**Resulting Company Stock Options**” means employee stock options to be granted by the Resulting Company to Eligible Employees after effectiveness of the Scheme in accordance with Clause 6 of this Scheme;

“**Resulting Company Stock Option Plans**” means: (i) Religare Finvest Limited Employees Stock Option Plan 2019, issued and adopted by the shareholders of the Resulting Company on March 05, 2019 and last modified by way of shareholders’ resolution dated September 26, 2023, as in force prior to the effectiveness of this Scheme; and (ii) upon effectiveness of this Scheme, the Religare Finvest Limited Employees Stock Option Plan 2019, as may be modified, amended, restated or superseded and/or any special purpose employee stock option plan, in each case, as may be approved and adopted by the Resulting Company pursuant to Clause 6 of this Scheme;

“**Resulting Company New Equity Shares**” means fully paid up equity share(s) having face value of Rs 10 each issued by the Resulting Company as consideration in terms of Clause 9.1 of this Scheme;

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

“**Scheme**” or “**this Scheme**” means this scheme of arrangement as modified from time to time;

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

“**SEBI Master Circular - Equity**” means the circular issued by the SEBI, being SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time;

“**SEBI LODR Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

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

“**Tax Laws**” means all Applicable Laws, statutes, enactments, acts, ordinances dealing with direct and indirect Taxes including but not limited to income tax, goods and service tax, service tax, central sales tax, applicable state value added tax, 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 and all penalties, surcharges, costs, fines, fees and interest relating thereto; and

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

1.2. In this Scheme, unless the context otherwise requires:

- (i) words denoting the singular shall include the plural and vice versa;
- (ii) headings, subheadings, titles, subtitles to clauses and sub-clauses are for convenience only and shall be ignored in construing the Scheme;
- (iii) reference to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement, re-enactment, restatement or amendment of, that law or legislation or regulation and shall include the rules and regulations thereunder; and
- (iv) all terms and words not defined in this Scheme shall unless repugnant or contrary to the context or meaning thereof, have the same meaning as prescribed to them under the Act, Income Tax Act, or any other Applicable Laws, rules, regulations, bye laws, as the case may be.

## 2. SHARE CAPITAL

2.1. The share capital of the Demerged Company as on December 31, 2025 is as follows:

Particulars	Rs
Authorised Share Capital	
82,77,05,000 equity shares of Rs 10 each	827,70,50,000
16,20,00,000 preference shares of Rs 10 each	162,00,00,000
<b>Total</b>	<b>989,70,50,000</b>
Issued and Subscribed Share Capital	
33,27,40,479 equity shares of Rs 10 each	3,32,74,04,790

<b>Particulars</b>	<b>Rs</b>
2,65,00,000 preference shares of Rs 10 each	26,50,00,000
<b>Total</b>	<b>3,59,24,04,790</b>
<b>Paid-up Share Capital</b>	
33,27,40,479 equity shares of Rs 10 each fully paid-up	3,32,74,04,790
2,65,00,000 preference shares of Rs 10 each fully paid-up	26,50,00,000
<b>Total</b>	<b>3,59,24,04,790</b>

The Demerged Company has (a) outstanding employee stock options under the Demerged Company Stock Option Plan; and (b) outstanding 6,18,43,966 convertible share warrants issued by the Demerged Company at a price of Rs. 235 (Indian Rupees Two Hundred Thirty Five) per warrant which, upon exercise, would entitle the warrant holders thereof to 6,18,43,966 equity shares of face value of Rs. 10 at a price of Rs. 235/- each of the Demerged Company (“**Warrants**”), the exercise of which may result in an increase in the issued, subscribed and paid-up share capital of the Demerged Company.

2.2. The share capital of the Resulting Company as on December 31, 2025 is as follows:

<b>Particulars</b>	<b>Rs</b>
<b>Authorised Share Capital</b>	
61,08,33,400 equity shares of Rs 10 each	6,18,03,34,000
75,25,000 Non Convertible Cumulative Redeemable preference Shares of Rs. 1,000 each	7,52,50,00,000
49,66,666 Compulsorily Convertible preference Shares of Rs. 1,000 each	4,96,66,66,000
<b>Total</b>	<b>18,60,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
26,20,95,287 equity shares of Rs 10 each	2,62,09,52,870
<b>Total</b>	<b>2,62,09,52,870</b>

The Resulting Company may grant Resulting Company Stock Options during the pendency of the Scheme in accordance with its terms. Provided that, pursuant to Clause 6 of the Scheme, the Resulting Company Stock Options granted during the pendency of the Scheme may be issued subject to conditions that there shall be no exercise of such options until the listing of the Resulting Company New Equity Shares pursuant to the Scheme to ensure that there is no impact on the issued, subscribed and paid-up share capital of the Resulting Company on account of such grants during the pendency of the Scheme.

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

3.1. The Scheme as set out in its present form or with any modifications (as may be approved, imposed, or directed by the Tribunal or the shareholders), or with any modifications or waivers undertaken in the manner prescribed in this Scheme, shall become effective from the Appointed Date and operative on and from the Effective Date.

**PART II**  
**DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING**

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

- 4.1. Upon this Scheme coming in to effect, 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, all assets, investments, Permits, contracts, liabilities, loan, duties and obligations of 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, duties and obligations of the Resulting Company by virtue of operation of law, and in the manner provided in this Scheme.

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

- 4.2. Without prejudice to the generality of the provisions of Clause 4.1 above, the manner of transfer 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), intellectual property and intellectual property rights, including any applications for the same, of any nature whatsoever including but not limited to brands, trademarks forming part of the Demerged Undertaking, whether registered or unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights and such other industrial and intellectual property rights of whatsoever nature or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Demerged Company to the Resulting Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other or further 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 transfer pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or recordal, pursuant to this Scheme, as appropriate to the property being transferred, 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 moveable assets 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 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/or be deemed to be transferred to the Resulting Company, with effect from the Appointed Date by operation of law as transmission in favour of the 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 comprised in the Demerged Undertaking in the nature of land and buildings, the Demerged Company and the Resulting Company shall register the true copy of the order of the Tribunal approving this 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 requirements under Applicable Law and shall not be deemed to be a document under which the transfer of any part of the Demerged Undertaking takes place and 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 comprised in the Demerged Undertaking in the nature of land and buildings situated in states other than the state in which the registered office of the Demerged Company is situated, whether owned or leased, for the purpose of, *inter alia*, payment of stamp duty and transfer to the Resulting Company, if the Resulting Company so decides, the Demerged Company and the Resulting Company, 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;
- 4.2.6. Upon effectiveness of the Scheme, all debts, liabilities, guarantees, loans, obligations and duties of the Demerged Company as on the Appointed Date and which relate to the Demerged Undertaking (“**Demerged Undertaking Liabilities**”) shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Appointed Date. The term “**Demerged Undertaking Liabilities**” shall include:
- (a) the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking;
  - (b) the specific loans or borrowings (including, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking including any loans given by subsidiaries of the Demerged Company to the Demerged Company); and
  - (c) in cases other than those referred to in Clauses 4.2.6(a) or 4.2.6(b) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Demerged Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.
- 4.2.7. Post the Effective Date, the Demerged Company may, at the request of the Resulting Company, 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, or deposit, contracts or policies relating to the

Demerged Undertaking stands transferred to the Resulting Company and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes;

- 4.2.8. In so far as encumbrances, if any, in respect of the Demerged Undertaking Liabilities, such encumbrance shall, without any further act, instrument or deed being required to be taken or modified, be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been encumbered in respect of the Demerged Undertaking Liabilities as transferred to the Resulting Company pursuant to this Scheme. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the encumbrance over such assets relating to any loans, liabilities, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which continue with the Demerged Company shall without any further act, instrument or deed be released from such encumbrance and shall no longer be available as security in relation to such liabilities and the Demerged Company shall provide such other security that may be agreed between the Demerged Company and the respective lenders having the encumbrance. 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;
- 4.2.9. Subject to Clause 4 and any other provisions of this 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;
- 4.2.10. 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 the Resulting Company, if presented by the Resulting Company;
- 4.2.11. Permits, including the benefits attached thereto of the Demerged Company, in relation to the Demerged Undertaking, shall be transferred to the Resulting Company from the Appointed Date, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and the Resulting Company shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Demerged Company to carry on the operations of the Demerged Undertaking without any hindrance, whatsoever;
- 4.2.12. Contracts in relation to the Demerged Undertaking, where the Demerged Company is a party, shall stand transferred to the Resulting Company pursuant to the Scheme becoming effective. The absence of any formal amendment which may be required by a third party to effect such transfer shall not affect the operation of the foregoing sentence. The Demerged Company and the Resulting Company shall, wherever necessary, enter into and/or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause; and
- 4.3. Without prejudice to the provisions of the foregoing sub-clauses of this Clause 4 and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company may execute any and all instruments or documents and do all acts, deeds and things as may be required, including executing necessary confirmatory deeds for filing with the trademark registry and Appropriate Authorities, filing of necessary particulars and/ or modification(s) of charge with

the concerned RoC or filing of necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to this Scheme. The Demerged Company shall take such actions as may be necessary to get the assets pertaining to the Demerged Undertaking transferred to and registered in, the name of the Resulting Company, as per Applicable Law.

## **5. EMPLOYEES**

- 5.1. With effect from the Effective Date, all employees of the Demerged Company engaged in or in relation to the Demerged Undertaking shall become the employees of the Resulting Company on terms and conditions no less favourable than those on which they are engaged by the Demerged Company and without any interruption in service. Without prejudice to anything to the contrary in this Scheme, the decision on whether or not an employee is part of the Demerged Undertaking shall be decided by the Demerged Company, and such decision shall be final and binding on all concerned Parties.
- 5.2. The accumulated balances, if any, standing to the credit in favour of the aforesaid employees in the existing provident fund, gratuity fund, superannuation fund and any other fund of which they are members, as the case may be, will be transferred to the respective funds of the Resulting Company set-up in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities or to the funds nominated by the Resulting Company. Pending the transfer as aforesaid, the dues of the said employees would continue to be deposited in the existing provident fund, gratuity fund, superannuation fund and other fund respectively of Demerged Company.

## **6. TREATMENT OF DEMERGED COMPANY STOCK OPTIONS**

- 6.1. Upon the Scheme becoming effective, the Demerged Company Stock Options granted and / or vested pursuant to Demerged Company Stock Option Plan shall continue to be governed by the provisions of the respective Demerged Company Stock Option Plan, subject to the modifications proposed in this Clause 6. In addition, the Resulting Company shall, at its discretion, either modify the Resulting Company Stock Option Plan or adopt special purpose employee stock option plan in accordance with the provisions of this Clause 6.
- 6.2. Upon the Scheme becoming effective:
  - (a) each of the Eligible Employees who have been granted and/or hold vested Demerged Company Stock Options, shall be granted and / or vested 1 (one) Resulting Company Stock Option under the corresponding Resulting Company Stock Option Plan (as the case may be) for every 1 (one) Demerged Company Stock Option granted and/or vested to such Eligible Employees under the Demerged Company Stock Option Plan, on the terms and conditions which would be similar and no less favorable than the terms as set out in the Demerged Company Stock Option Plan as applicable, subject to the provisions of this Clause 6;
  - (b) the exercise price of the Demerged Company Stock Options as set out in the Demerged Company Stock Options Plan and Resulting Company Stock Options issued to the Eligible Employees shall be subject to modifications and adjustments as may be determined by the nomination and remuneration committee of the Boards of the respective Parties. It is clarified that the modification to the exercise price or any other terms of the Demerged Company Stock Options pursuant to the Scheme shall be on terms that is not prejudicial to the interests of the Eligible Employees and such that the terms of the Demerged Company Stock Options Plan existing prior to the effectiveness of the Scheme are given full effect to;

- (c) the relevant Demerged Company Stock Options would continue to be held by the Eligible Employees of the Demerged Company and the Board of the Demerged Company shall, take necessary steps to modify the Demerged Company Stock Option Plan in a manner considered appropriate and in accordance with the Applicable Laws, in order to enable the Eligible Employees being transferred to the Resulting Company pursuant to the Scheme to hold such Demerged Company Stock Options, subject to approval of the Stock Exchanges and the relevant regulatory authorities, if any under Applicable Laws; and
  - (d) the Resulting Company Stock Option Plan shall take into account the period during which the Eligible Employees of the Demerged Company held the Demerged Company Stock Options at the time of adoption of the relevant Resulting Company Stock Options (as the case may be), for determining of minimum vesting period required for Resulting Company Stock Options (as the case may be).
  - (e) the Resulting Company Stock Option Plan (as modified pursuant to this Clause 6) may also be suitably amended to take into account treatment of any Resulting Company Stock Options that may be granted to employees of the Resulting Company prior to effectiveness of the Scheme.
- 6.3. The modification of the Resulting Company Stock Option Plan, grant of Resulting Company Stock Options (as the case may be) under the Resulting Company Stock Option Plan to the Eligible Employees / employees of the Resulting Company pursuant to this Clause and Applicable Laws, manner of exercise of Resulting Company Stock Options (as the case may be) and modification of the Demerged Company Stock Option Plans, shall be effected as an integral part of the Scheme. The consent of the shareholders of the Resulting Company and the Demerged Company to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the Demerged Company Stock Option Plan and Resulting Company Stock Option Plan, as contemplated in this Clause. No further approval of the Board or shareholders of the Demerged Company or Resulting Company or resolution or action would be required in this connection under any applicable provisions of the Act and/or other Applicable Laws.
- 6.4. Without prejudice to provisions of this Clause 6, prior to the effectiveness of the Scheme, (i) the Eligible Employees shall be entitled to exercise their respective rights in relation to Demerged Company Stock Options that have been granted and / or vested prior to the Effective Date; (ii) the Resulting Company may grant Resulting Company Stock Options during the pendency of the Scheme in accordance with its terms and subject to such conditions as may be determined in accordance with the Resulting Company Stock Option Plan; and (iii) the Boards of the respective Parties or any of the committee(s) thereof, including the nomination and remuneration committee, if any, shall be entitled to administer the Demerged Company Stock Option Plan or Resulting Company Stock Option Plan, in accordance with its terms.
- 6.5. The Board of the respective Parties shall be entitled to 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 6, including making necessary modifications or amendments to the Demerged Company Stock Option Plan and/ or the Resulting Company Stock Option Plan.

## **7. LEGAL PROCEEDINGS**

- 7.1. Upon coming into effect of this Scheme, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands, legal and other proceedings of whatsoever nature by or against the Demerged Company pending and/or arising on or before the Appointed Date or which may be instituted at any time thereafter and in each case relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme and shall be continued and be enforced

by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. The Resulting Company shall be substituted in place of the Demerged Company or added as party to such proceedings and the Resulting Company shall prosecute or defend all such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall stand nullified. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Demerged Undertaking.

- 7.2. The Resulting Company undertakes to have all legal and other proceedings initiated by or against the Demerged Company referred to in Clause 7.1 above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company on priority. The Demerged Company and the Resulting Company shall make relevant applications and take all steps as may be required in this regard.
- 7.3. Notwithstanding anything contained herein above, if at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with the Resulting Company. However, if the Demerged Company is unable to get the Resulting Company replaced in its place in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse to the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

## **8. TAXES/ DUTIES/ CESS**

- 8.1. Upon the Scheme becoming effective, if the Demerged Company is entitled to any unutilized credits (including accumulated losses and unabsorbed depreciation), advance tax, tax deduction at source, tax collection at source, input tax credit under goods & services tax (“GST”) law, cess credit, benefits under the state or central fiscal / investment incentive schemes and policies or concessions relating to the Demerged Undertaking under any Tax Law or Applicable Law as on the Appointed Date, the Resulting Company shall be entitled, as an integral part of this Scheme, to claim such benefit or incentives or unutilised credits (including accumulated losses and unabsorbed depreciation), advance tax, tax deduction at source, tax collection at source, input tax credit under GST law, cess, benefits under the state or central fiscal / investment incentive schemes and policies or concessions as the case may be, without any specific approval or permission and such benefit or incentives or unutilised credits (including accumulated losses and unabsorbed depreciation), advance tax, tax deduction at source, tax collection at source, input tax credit under GST law, cess, benefits under the state or central fiscal / investment incentive schemes and policies or concessions, as the case may be, shall be available for utilisation to the Resulting Company in accordance with Applicable Law.
- 8.2. Upon the Scheme becoming effective, all Taxes and duties payable/paid, refunds received or receivable under any tax laws by Demerged Company, accruing and relating to the operations of the Demerged Undertaking from the Appointed Date onwards, including all or any refunds or claims or entitlements as to minimum alternate tax credits, tax demands or liabilities, advance tax payments, tax deducted at source, GST, GST input tax credit, shall, for all the purpose, be treated as tax/duty/cess liabilities or demands, refunds or claims, advance tax payments, tax deducted at source, GST, GST input tax credit, minimum alternate tax paid and resulting entitlements for set off, credits, as the case may be, of the Resulting Company, and shall, in all proceedings, be dealt with accordingly.

- 8.3. Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under any of the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of this Scheme.
- 8.4. All the Tax assessment proceedings/appeals of whatsoever nature under any tax laws by or against the Demerged Company pending and/or arising at the Appointed Date and relating to Demerged Undertaking shall be continued and enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. In the event of Resulting Company failing to continue or enforce any proceeding/appeal, the same may be continued or enforced by the Demerged Company, at the cost of the Resulting Company.
- 8.5. All Tax payments made under any Tax Laws whether by way of tax deducted at source, advance tax, security deposit, bank guarantee, tax payment under protest or otherwise howsoever, by the Demerged Company with respect to the Demerged Undertaking after the Appointed Date, shall be deemed to be paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 8.6. Any refund, under any of the Tax Laws or other Applicable Laws/ regulations dealing with Taxes/duties/levies/due to the Demerged Undertaking of Demerged Company consequent to the assessment made on the Demerged Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Resulting Company upon the Scheme becoming effective.
- 8.7. It is further clarified that the Resulting Company shall be entitled to claim deduction under Income Tax Act, in respect of any unpaid liabilities and provisions transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company, as and when the same are paid/ reversed subsequent to the Appointed Date by the Resulting Company.
- 8.8. The Board of directors of the Demerged Company and the Resulting Company shall be empowered to determine if any specific Tax liability or any Tax proceedings under tax laws relates to the Demerged Undertaking and whether the same would be transferred to Resulting Company.

## **9. CONSIDERATION AND DISCHARGE OF CONSIDERATION**

- 9.1. The consideration for the demerger of the Demerged Undertaking shall be the issue by the Resulting Company of 1 (One) fully paid-up equity share of the Resulting Company having face value of Rs 10 (Rupees Ten) each for every 1 (One) fully paid-up equity share of Rs 10 (Rupees Ten) each of the Demerged Company (“**Resulting Company New Equity Shares**”).
- 9.2. Upon the Scheme coming into effect and subject to the provisions of this Scheme, the Resulting Company shall, without any further application, act, deed, consent or instrument, issue and allot, the Resulting Company New Equity Share(s) to the shareholders of the Demerged Company who hold fully paid-up equity shares of the Demerged Company and whose names are recorded in the register of members and/ or records of the depository on the Record Date, (i) 1 (One) equity share of the Resulting Company having face value of Rs 10 (Rupees Ten) each, credited as fully paid up, for every 1 (One) fully paid up equity share of Rs 10 (Rupees Ten) each held in the Demerged Company (“**Share Entitlement Ratio for Demerger**”).
- 9.3. If Warrants issued by the Demerged Company are outstanding as on the Record Date, then, notwithstanding anything to the contrary contained in this Scheme:

- (a) the Resulting Company shall not issue any corresponding warrants or any other convertible securities as consideration for, or in substitution of, such Warrants;
  - (b) for the limited purpose of giving effect to the Share Entitlement Ratio for Demerger and Clause 9.1 of this Scheme, the Resulting Company shall, on the Record Date and without any further act, deed or instrument by the Demerged Company or the warrant holders, issue and keep in abeyance such number of Resulting Company New Equity Shares as will be issuable to the holders of Warrants as and when Warrants are validly exercised in accordance with its terms;
  - (c) as and when any Warrant is validly exercised in accordance with its terms and the underlying equity share(s) of the Demerged Company are allotted to the relevant warrant holder, the Resulting Company shall, contemporaneously or as soon as reasonably practicable thereafter, allot out of the Resulting Company New Equity Shares kept in abeyance in terms of this Clause 9.3, 1 (one) Resulting Company New Equity Share for every 1 (one) such equity share of the Demerged Company so allotted upon exercise of the Warrant, to such warrant holder whose name appears as the holder of such Warrant / underlying equity share in the register of members and/or records of the depository of the Demerged Company as on the relevant date;
  - (d) until such time as the Resulting Company New Equity Shares issued and kept in abeyance pursuant to this Clause are actually allotted to the concerned warrant holders and listing / trading approval in respect thereof is granted by the Stock Exchanges, such Resulting Company New Equity Shares shall (i) remain frozen in the depository system; (ii) not carry any voting rights or rights to receive dividends or other corporate benefits; and (iii) be held by the Resulting Company (or any trustee or other nominee appointed by the Resulting Company, if so decided by its Board) in trust for the benefit of the relevant warrant holders; and
  - (e) in the event any Warrant lapses, is cancelled or otherwise ceases to be exercisable in accordance with its terms, the corresponding Resulting Company New Equity Shares issued and kept in abeyance in respect thereof shall stand cancelled, without any further act deed or instrument by the Resulting Company.
- 9.4. The issue price of each Resulting Company New Equity Share shall be  $(‘A’ - ‘B’) / ‘C’$ , where ‘A’ is the book value of the assets minus liabilities of the Resulting Company as of the Effective Date; ‘B’ is the reserves/retained earnings of the Resulting Company on the Effective Date; and ‘C’ is the total number of the Resulting Company New Equity Shares issued and allotted by the Resulting Company pursuant to Clause 9.3 The difference between the issue price and the face value of the Resulting Company New Equity Shares to be issued and allotted by the Resulting Company will be recorded as securities premium.
- 9.5. The Resulting Company New Equity Shares shall be subject to the provisions of the memorandum of association and articles of association of the Resulting Company, including with respect to dividend, bonus, rights shares, voting rights and other corporate benefits attached to the Resulting Company New Equity Shares.
- 9.6. The Resulting Company New Equity Shares that are to be issued in terms of this Scheme shall be issued in dematerialised form. Prior to the Record Date, the eligible shareholders of the Demerged Company, who hold shares in physical form shall provide such confirmation, information and details as may be required, relating to his/ her/ its account with a depository

participant, to the Resulting Company to enable it to issue the Resulting Company New Equity Share(s) in dematerialised form.

- 9.7. For the purpose of allotment of the Resulting Company New Equity Shares pursuant to this Scheme, in the event, if any eligible shareholder of the Demerged Company holds shares in physical form, the Resulting Company shall deal with the relevant shares in such manner as they may deem fit and in the best interest of such eligible shareholder, including by way of issuing the Resulting Company New Equity Share(s) in dematerialised form to a trustee nominated by the Board of the Resulting Company (“**Trustee of the Resulting Company**”) who shall hold these equity shares in trust for the benefit of such shareholder. The Resulting Company New Equity Share(s) held by the Trustee of the Resulting Company for the benefit of such eligible shareholders shall be transferred to the respective eligible shareholder once they provide details of his/her/its demat account to the Trustee of the Resulting Company, along with such other documents as may be required by the Trustee of the Resulting Company.
- 9.8. The issue and allotment of the Resulting Company New Equity Shares in accordance with this Clause 9 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 Law, were duly complied with. It is clarified that the approval of the members of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the issue and allotment of the Resulting Company New Equity Shares as contemplated under this Clause 9, under applicable provisions of the Act.
- 9.9. The 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.
- 9.10. The Resulting Company New Equity Shares to be issued by the Resulting Company in respect of the equity shares of the Demerged Company held in the unclaimed suspense account shall be credited to a new unclaimed suspense account created for shareholders of the Resulting Company.
- 9.11. The Resulting Company New Equity Shares to be issued by the Resulting Company in respect of the shares of the Demerged Company held in the Investor Education and Protection Fund shall be credited to the Investor Education and Protection Fund.
- 9.12. In the event the Demerged Company restructures its share capital by way of share split or consolidation or any other corporate action before the Record Date, the share entitlement ratio set out in Clause 9.1 shall be suitably adjusted considering the effect of such corporate action without requirement of any further approval from shareholders or Appropriate Authority.
- 9.13. Upon the Scheme becoming effective but prior to the issue of the Resulting Company New Equity Shares, as the case may be: (i) authorized share capital shall stand increased, is so required; and/or (ii) issued and subscribed share capital of the Resulting Company shall stand altered and reclassified, without any further act, instrument, or deed on the part of the Resulting Company to mirror the shareholding of the Demerged Company. Consequently, the existing capital clause of the Memorandum of Association of the Resulting Company shall, without any act, instrument or deed be and stand increased, altered, modified and amended.
- 9.14. It is clarified that the approval of the members of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the alteration of the Memorandum of Association under Sections 13, 61, 64 and other applicable provisions of the Act. The Resulting Company shall pay the requisite stamp duty and RoC fees and shall file the required returns/ information/

amended copy of the Memorandum of Association with the RoC to give effect to the alteration in the authorised share capital.

- 9.15. The Resulting Company shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of the SEBI Master Circular – Equity and other relevant provisions as may be applicable. The Resulting Company New Equity Shares allotted by the Resulting Company in terms of Clause 9.3 above, pursuant to this Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange. Further, there shall be no change in the shareholding pattern of the Resulting Company between the Record Date and the listing of its equity shares which may affect the status of approval of the Stock Exchanges.
- 9.16. 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 Stock Exchanges.
- 9.17. **Fractional Entitlement, if any:**
- 9.17.1. If the allotment of the Resulting Company New Equity Shares pursuant to clause 9.3, results in any fractional entitlement, then such fractional entitlements shall be consolidated and thereupon allotted in lieu thereof to trustee(s) authorized by the Board of the Resulting Company in this behalf which shall hold such Resulting Company New Equity Shares in trust on behalf of the shareholders of the Demerged Company, entitled to fractional entitlements with the express understanding that such trustee(s) shall sell such Resulting Company New Equity Shares so allotted on the BSE within a period of 90 days from the date of allotment of such Resulting Company New Equity Shares, at such price or prices and to such persons, as the trustee(s) deems fit, subject to the provisions of the SEBI Master Circular – Equity, and shall distribute the net sale proceeds, after deductions of applicable taxes and expenses incurred, in proportion to their respective fractional entitlements.
- 9.17.2. In case the number of Resulting Company New Equity Shares to be allotted to the trustee(s) authorized by the Board of the Resulting Company by virtue of consolidation of fractional entitlement is a fraction, it shall be rounded off to the next higher integer.

## **10. ACCOUNTING TREATMENT**

The Demerged Company and Resulting Company shall comply with generally accepted accounting practices in India, provisions of the Act and accounting standards as notified by Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, in relation to the underlying transactions in the Scheme including but not limited to the following:

### **10.1. In the books of the Demerged Company**

With effect from the Appointed Date, and upon the Scheme becoming effective, the Demerged Company shall account for the Demerger in its books of account as under:

- 10.1.1. The Demerged Company shall, upon the Scheme becoming effective, reduce the book values of the assets, liabilities and reserves of the Demerged Undertaking vested in the Resulting Company pursuant to this Scheme at their respective book values as on the Effective Date;
- 10.1.2. Inter-company balances and transactions between the Resulting Company and the Demerged Undertaking of the Demerged Company, if any, including inter-company investments shall stand cancelled; and

10.1.3. The difference between the book value of assets over the book value of the liabilities and reserves pertaining to the Demerged Undertaking and demerged from the Demerged Company pursuant to this Scheme after giving effect to Clause 10.1.2 above shall be recognized in 'Other Equity', and will be adjusted firstly to the balance in Capital Reserves account of the Demerged Company and the balance difference, if any against securities premium account.

## **10.2. In the books of the Resulting Company**

With effect from the Appointed Date, and upon the Scheme becoming effective, the Resulting Company shall account for the Demerger in its books of account as under:

10.2.1. The Resulting Company shall record the assets, liabilities and reserves of the Demerged Undertaking at their respective book values, as on the Effective Date in the books of the Demerged Company;

10.2.2. The identity of the reserves of the Demerged Company in relation to the Demerged Undertaking shall be preserved and the Resulting Company shall record the reserves of the Demerged Company in relation to the Demerged Undertaking, at the book values thereof and in the same form as appearing in the financial statement of the Demerged Company;

10.2.3. The Resulting Company shall issue and allot the Resulting Company New Equity Shares to all the shareholders of the Demerged Company as consideration for the Demerger as provided in Clause 9.3 of this Scheme;

10.2.4. 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;

10.2.5. The difference between (A) the net book value of assets over liabilities and reserves pertaining to the Demerged Undertaking and demerged from the Demerged Company pursuant to this Scheme (B) value of the Resulting Company New Equity Shares issued and allotted to the shareholders of the Demerged Company (i.e. the number of Resulting Company New Equity Shares issued multiplied by issue price of Resulting Company New Equity Shares as per Clause 9.6) as consideration; after giving effect of Clause 10.2.4, if any, shall be debited / credited to capital reserves account in the books of the Resulting Company; and

10.2.6. The net negative retained earnings balance remaining in the books of the Resulting Company as on the Effective Date shall be adjusted firstly against the balance lying in the Capital Reserves account of the Resulting Company after giving effect of Clause 10.2.5 and thereafter, remaining balance, if any, shall be adjusted against balance lying the securities premium account of the Resulting Company.

## **11. REDUCTION AND CANCELLATION OF ENTIRE PRE-SCHEME SHARE CAPITAL OF THE RESULTING COMPANY**

11.1. Upon the Scheme coming into effect, all equity shares of the Resulting Company held by the Demerged Company (directly and/ or through nominees) shall stand cancelled without any further application, act or deed. It is clarified that no new shares shall be issued or payment made in cash or in kind whatsoever by the Resulting Company to the Demerged Company in lieu of such shares of the Resulting Company. For avoidance of doubt, it is clarified that the reduction in the share capital of the Resulting Company, pursuant to such cancellation shall be effected as an integral part of this Scheme and not in accordance with Section 66 of the Act. The order of the Tribunal sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction and no separate sanction under Section 66 of the Act shall be necessary.

- 11.2. It is clarified that the approval of the members of the Resulting Company and the consent of the secured and unsecured creditors of the Resulting Company to the Scheme shall be deemed to be their consent / approval for the reduction of the share capital of the Resulting Company and no further resolution or action under any other provisions of the Act would be required to be separately passed or taken.

## **12. REDUCTION OF THE SECURITIES PREMIUM ACCOUNT OF THE RESULTING COMPANY**

- 12.1. The reduction of the negative retained earnings balance in the books of Resulting Company post Demerger by way of the adjustment set out in Clause 10.2.6 against the amounts held in the securities premium account of the Resulting Company does not involve the reduction of the issued, subscribed and paid-up share capital of the Resulting Company. Further, the reduction does not envisage the transfer or vesting of any of the properties and/or liabilities of the Resulting Company to any person or entity.
- 12.2. The approvals including approvals from the shareholders of the Resulting Company received pursuant to the 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 Clause 13.1 including under Section 52, Section 66 and the other related provisions of the Act. The Resulting 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 of the Resulting Company; or (ii) obtain any additional approvals / compliances under Section 66 of the Act.
- 12.3. The reduction in the Securities Premium Account of the Resulting Company in accordance with Clause 13.1 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 Resulting Company or payment to any shareholder of any paid-up share capital of the Resulting Company and the order of the Tribunal sanctioning the Scheme shall be deemed to be an order under Section 66 and Section 230 of the Act confirming such reduction of share capital of the Resulting Company. The reduction in the Securities Premium Account of the Resulting Company in the manner contemplated in this Scheme would not have any impact on the shareholding pattern of the Resulting Company nor would it have any adverse impact on the creditors or employees of the Resulting Company. The order of the Tribunal sanctioning this Scheme shall also be deemed to be an order passed under Section 66 and 52 of the Act for the purpose of confirming the reduction.
- 12.4. Notwithstanding the reduction in the Securities Premium Account, the Resulting 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 the Scheme and in accordance with the applicable provisions of the Act without any further act or deed on the part of the Resulting Company.

## **13. REMAINING BUSINESS OF THE DEMERGED COMPANY**

- 13.1. The Remaining Business of the Demerged Company shall continue to belong to and be owned and managed by the Demerged Company. The Demerged Company shall continue to be liable to perform and discharge all its liabilities and obligations in relation to the Remaining Business of the Demerged Company and the Resulting Company shall not have any liability or obligation in relation to the Remaining Business of the Demerged Company.
- 13.2. If the Resulting Company is in receipt of any demand, claim, notice and/or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Remaining Business of the Demerged Company, the Resulting Company shall take all such

steps in the proceedings before the Appropriate Authority to substitute the Resulting Company with the Demerged Company. However, if the Resulting Company is unable to replace the Demerged Company in such proceedings, the Resulting Company shall defend the same or deal with such demand at the cost of the Demerged Company and the latter shall reimburse the Resulting Company, against all liabilities and obligations incurred by or against the Resulting Company, in respect thereof.

### **PART III GENERAL TERMS & CONDITIONS**

#### **14. BUSINESS UNTIL THE EFFECTIVE DATE**

- 14.1. With effect from the date of approval of this Scheme by the respective Boards of the Parties and up to and including the Effective Date:
  - 14.1.1. The Demerged Company shall carry on the business of the Demerged Undertaking with reasonable diligence and business prudence and in the same manner as being conducted prior to the approval of this Scheme by the respective Boards of the Parties;
  - 14.1.2. The Resulting Company and the subsidiaries, joint ventures and shares and interests held by the Demerged Company being transferred as part of the Demerged Undertaking shall be entitled, pending the sanction of this Scheme, to apply to the Appropriate Authorities concerned as necessary under Applicable Law for such consents, approvals and sanctions which the Resulting Company may require to carry on the relevant business of the Resulting Company or the relevant subsidiary or joint venture, as the case may be, that is being transferred and vested in terms of this Scheme;
  - 14.1.3. The Demerged Company shall be deemed to have been carrying on and shall carry on its business and activities of the Demerged Undertaking and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets of the Demerged Undertaking for and on account of, and in trust for the Resulting Company;
  - 14.1.4. All profits or income arising or accruing to the Demerged Company with respect to the Demerged Undertaking and all Taxes paid thereon (including but not limited to self assessment tax, advance tax, tax deducted or collected at source, minimum alternate tax, dividend distribution tax, goods and services tax, securities transaction tax, taxes withheld/ paid in a foreign country, etc.) or losses arising or incurred by the Demerged Company with respect to the Demerged Undertaking shall, for all purposes, be treated as and deemed to be the profits or income, Taxes or losses, as the case may be, of the Resulting Company;
  - 14.1.5. All loans raised and all liabilities and obligations incurred by the Demerged Company with respect to the Demerged Undertaking, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also, without any further act or deed be and be deemed to become the debts, liabilities, duties and obligations of the Resulting Company; and
  - 14.1.6. The Demerged Company (with respect to the Demerged Undertaking) shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as necessary under Applicable Law for such consents, approvals and sanctions which the Resulting Company may require to carry on the Demerged Undertaking of the Demerged Company and to give effect to the Scheme.

## **15. PROPERTY IN TRUST**

Notwithstanding anything contained in this Scheme, on or after the Effective Date, as the case may be, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom pertaining to the Demerged Undertaking is 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 or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authorities and till such time as may be mutually agreed by the Parties, the Demerged Company will continue to hold the property and/or the asset, license, permission, approval, contract or agreement and rights and benefits arising therefrom, in trust for and on behalf of the Resulting Company.

## **16. WRONG POCKET ASSETS**

16.1. Unless otherwise specified in the terms of the Scheme;

- (a) if any part of any of the Demerged Undertaking is not transferred to the Resulting Company on the Effective Date pursuant to the Scheme, the Demerged Company shall take such actions as may be reasonably required to ensure that such part of the relevant Demerged Undertaking, as the case may be, is transferred to the Resulting Company promptly and for no further consideration. The Demerged Company shall bear all costs and expenses as may be required to be incurred by each of the Demerged Company or the Resulting Company, for giving effect to this Clause; and
- (b) if any part of the Remaining Business of the Demerged Company is inadvertently held by the Resulting Company after the Effective Date, the Resulting Company shall take such actions as may be reasonably required to ensure that such part of the Remaining Business of the Demerged Company is transferred back to the Demerged Company, promptly and for no consideration. The Resulting Company shall bear all costs and expenses as may be required to be incurred by each of the Demerged Company or the Resulting Company for giving effect to this Clause.

16.2. If the Demerged Company realizes any amounts after the Effective Date that form part of the Demerged Undertaking, it shall immediately make payment of such amounts to the Resulting Company. It is clarified that all receivables relating to the Demerged Undertaking, for the period prior to the Effective Date, but received by the Demerged Company after the Effective Date, shall be paid to the Resulting Company for no additional consideration. If the Resulting Company realizes any amounts after the Effective Date that pertains to the Remaining Business of the Demerged Company, the Resulting Company shall immediately pay such amounts to the Demerged Company.

## **17. FACILITATION PROVISIONS**

17.1. 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 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 Authorities in favour of the Resulting Company pursuant to the sanction of this 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.

- 17.2. Upon the Scheme being effective, the Demerged Company and the Resulting Company shall enter into necessary arrangements including brand licensing agreements, sub-contracting agreements, sub-licensing agreements and shared services agreements, as may be necessary, *inter alia* in relation to use by the Resulting Company of brands pertaining to the Demerged Undertaking, office space, infrastructure facilities, information technology services, employee/staff, tax, audit, finance, secretarial, human resource service, security personnel, legal, administrative and other services, etc. of the Demerged Company, and so as to give full effect to the provisions of this Scheme, each, on such terms and conditions that may be agreed between the Parties and on payment of consideration on an arm's length basis and which are in the ordinary course of business.
- 17.3. Any issue as to whether any asset (including any funds or decision as to allocation of funds), liability, employee or litigation pertains to the Demerged Undertaking or not shall be decided by the Boards of the Demerged Company and the Resulting Company, on the basis of evidence that they may deem relevant for the purpose (including the books and records of the Demerged Company).

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

- 18.1. 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.

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

- 19.1. The Board of Parties may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. The Scheme may also be modified in accordance with the procedure laid down by the Board. The respective Boards of the Parties may consent to any conditions or limitations that the Tribunal or any other Appropriate Authority may impose.
- 19.2. For the purposes of giving effect to this Scheme or to any modification hereof, the Board of the Demerged Company or the Board of the Resulting Company, acting jointly or individually, as may be relevant, give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding on the Resulting Company and the Demerged Company as if the same were specifically incorporated in this Scheme.

## **20. CONDITIONS PRECEDENT**

This Scheme is conditional upon and subject to the satisfaction or waiver of the following conditions precedent:

- 20.1. Receipt of no-objection/ observation letter from the Stock Exchanges in relation to this Scheme under Regulation 37 of the SEBI LODR Regulations;

- 20.2. Approval of this Scheme by the requisite majority of shareholders and creditors of the Parties as applicable, in each case as may be required under the Applicable Law and/or as may be directed by the Tribunal;
- 20.3. Sanction of the Scheme by the Tribunal under Sections 230 to 232 of the Act;
- 20.4. Approvals from RBI, SEBI or other Appropriate Authority for the Scheme including in respect of transfer of any of the subsidiaries and joint ventures forming part of the Demerged Undertaking pursuant to the Scheme;
- 20.5. Receipt of certified copies of the orders of the Tribunal sanctioning this Scheme being filed with the RoC; and
- 20.6. The Boards of the Demerged Company and the Resulting Company having passed a resolution confirming the effectiveness of the Scheme after completion of last of the conditions precedent set out in Clause 20.1 to Clause 20.6 (*both inclusive*).

## **21. WITHDRAWAL OF THIS SCHEME**

The Demerged Company and the Resulting Company, acting jointly, shall be at liberty to withdraw the Scheme, as may be mutually agreed by the respective Boards of the Parties at any time before the Effective Date. In the event of withdrawal, no rights and liabilities whatsoever shall accrue to or be incurred by the respective Parties or their shareholders or creditors or employees or any other Person. In such case, each of the Parties shall bear its own costs and expenses or as may be otherwise mutually agreed.

## **22. COSTS AND EXPENSES**

All costs, charges and expenses payable in relation to or in connection with this Scheme and incidental to the completion of the transfer and vesting of the Demerged Undertaking in the Resulting Company, in pursuance of this Scheme including stamp duty on the order(s) of the Tribunal, if any, to the extent applicable and payable shall be borne and paid by the Demerged Company.

## **23. 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 Effective 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.

## **24. DEEMED APPROVAL**

- 24.1. The approval of this Scheme by the shareholders and or creditors of the Demerged Company and Resulting Company and such other classes of Persons of the said Parties, if any, such shareholders and classes of Persons shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise under Applicable Law (including under Sections 13, 14, 52, 61, 64, 66, 180, 185, 186 and 188 of the Act and Regulation 23 and other applicable provisions of the SEBI LODR Regulations) to the same extent applicable in relation to the Scheme and related matters and no further resolutions would be required to be separately passed.

**25. SEVERABILITY**

- 25.1. If any Part and/or provision of this Scheme cannot be implemented for any reason whatsoever or is withdrawn (in whole or in part), the same shall not, subject to the decision of the Parties through their respective Boards, affect the validity or implementation of the other Parts and/or provisions of this Scheme.
- 25.2. Subject to Clause 25.1 above, if any part of this Scheme cannot be implemented or unenforceable for any reason whatsoever, then it is the intention of the Parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to the Parties, in which case the Parties, acting through their respective Boards, shall attempt to bring about a modification in this Scheme, as will best preserve for the Parties, the benefits and obligations of this Scheme, including but not limited to such part, which is invalid, ruled illegal or rejected by the Tribunal or any court of competent jurisdiction, or unenforceable under present or future Applicable Laws.

**//CERTIFIED TRUE COPY//**

**For Religare Enterprises Limited**

**For Religare Finvest Limited**

**Anuj Jain**  
**Company Secretary & Compliance Officer**

**FCS Punit Arora**  
**Company Secretary**