

SCHEME OF MERGER BY ABSORPTION
OF
EDELWEISS FINVEST PRIVATE LIMITED (TRANSFEROR COMPANY)
BY
EDEL FINANCE COMPANY LIMITED (TRANSFeree COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS

This Scheme of Merger by Absorption is presented under Sections 230 to 232 of the Companies Act, 2013 and other related provisions of the Act and the Rules framed thereunder for the merger by absorption of EDELWEISS FINVEST PRIVATE LIMITED, the Transferor Company with EDEL FINANCE COMPANY LIMITED, the Transferee Company.

RATIONALE FOR THE SCHEME

The proposed merger by absorption of the Transferor Company with the Transferee Company would, *inter alia*, result in the following benefits to the Transferor Company and the Transferee Company, their respective shareholders and creditors and will be in long-term in the interest of the respective companies:

- (a) The merger by absorption is founded on leveraging of the significant complementarities that exist between the Transferor Company and Transferee Company and the said merger by absorption would create meaningful value to stakeholders.
- (b) Reduce the cost of managing separate companies and manage the business operations of the companies more effectively.

- (c) Garner the benefits arising out of economies of large scale and lower operating costs by avoiding duplication of administrative functions, reduction in cost of compliances.

The proposed corporate restructuring mechanism by way of a Scheme of Merger by Absorption under the provisions of the Act will be beneficial, advantageous and not prejudicial to the interests of the shareholders, debenture holders, creditors and other stakeholders of Transferor Company and Transferee Company.

The Scheme is divided in the following Parts:

Part A - deals with Definitions and Share Capital;

Part B - deals with merger by absorption of EDELWEISS FINVEST PRIVATE LIMITED with EDEL FINANCE COMPANY LIMITED.

Part C – deals with General Clauses, Terms and Conditions.

PART A – DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

- 1.1 **"Act" or "the Act"** means the Companies Act, 2013 including any statutory modifications, reenactments or amendments thereof and Rules and Regulations framed thereunder.
- 1.2 **"Board of Directors" or "Board"** shall mean the respective Board of Directors of the Transferor Company or the Transferee Company, as the case may be and includes any Committee(s) thereof duly constituted or any other person duly authorised by the Board for the purpose of this Scheme.
- 1.3 **"Appointed Date"** for the purpose of this Scheme shall mean 1 April 2019 or such other date as may be approved by the Hon'ble National Company Law Tribunal, Bench at Mumbai.

- 1.4 **“Applicable Law”** shall mean any statute, notification, bye-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having force of law enacted or issued by any Appropriate Authority including any statutory modification or re-enactment thereof for the time being in force.
- 1.5 **“Appropriate Authority”** means any governmental body (central, state or local), legislative body, statutory body, departmental or public body or regulatory or administrative authority, judicial or arbitral body or other organization operating under the force of law including the NCLT, Income Tax authorities, Stock exchanges, Reserve Bank of India (‘RBI’), Securities Exchange Board of India (‘SEBI’) and other applicable authorities to the extent the rules, regulations, standards, requirements, procedures or orders of such authority, body or other organization have the force of law as may be relevant in the context.
- 1.6 **“Articles of Association”** of the Transferor Company or Transferee Company means the Articles of Association as originally framed or as altered from time to time in pursuance of the Companies Act, 2013 or any previous company law.
- 1.7 **“Authorized Share Capital”** shall have the meaning assigned under Section 2(8) of the Companies Act, 2013.
- 1.8 **“Effective Date”** means the last of the dates on which all conditions and matters referred to in Clause 17 have been fulfilled, obtained or waived.
- 1.9 **“Issued Capital”** shall have the meaning assigned under Section 2(50) of the Companies Act, 2013.
- 1.10 **“Memorandum of Association”** of the Transferor Company or Transferee Company means the Memorandum of Association as originally framed or as altered from time to time in pursuance of the Companies Act, 2013 or any previous company law.
- 1.11 **“NCLT” or “Tribunal”** shall for the purpose of this Scheme, mean the National Company Law Tribunal, Mumbai Bench empowered to sanction the Scheme as per the provisions of the Act.

- 1.12 **"Order"** shall mean the Order of the Hon'ble National Company Law Tribunal, Mumbai sanctioning the Scheme.
- 1.13 **"Paid-up Capital"** shall have the meaning assigned under Section 2(64) of the Companies Act, 2013.
- 1.14 **"Record Date"** means the date on which the list of shareholders shall be determined by the Board of the respective companies for issuance of shares as consideration to the shareholders pursuant to this Scheme.
- 1.15 **"Registrar of Companies"** means the Registrar of Companies, Mumbai.
- 1.16 **"Scheme", "The Scheme" or "This Scheme"** means this Scheme of Merger by Absorption of the Transferor Company by the Transferee Company in its present form submitted to the Tribunal at Mumbai for sanction or as may be modified from time to time or as may be approved or directed by the Tribunal or any other Appropriate Authority.
- 1.17 **"Subscribed Capital"** shall have the meaning assigned under Section 2(86) of the Companies Act, 2013.
- 1.18 **"The Transferor Company"** means **EDELWEISS FINVEST PRIVATE LIMITED ('EFPL')**, a company incorporated under the Companies Act, 1956, and having its Registered Office situated at Tower 3, Wing B, Kohinoor City Mall, Kohinoor City Kirod Road, Kurla (West), Mumbai – 400 070, India. Initially, EFPL was incorporated in the name and style of '*Arum Investments Private Limited*' on 23 August 2006. Thereafter the name of the Company was changed to '*Edelweiss Finvest Private Limited*' and a fresh certificate of incorporation dated 15 June 2016 was issued to this effect. EFPL is registered with Reserve Bank of India ('RBI') as a Systematically Important Non-Deposit taking Non-Banking Financial company ('NBFC-ND-SI'). EFPL is engaged in the business of lending and investments. EFPL has issued non-convertible redeemable debentures which are listed on BSE Limited.
- 1.19 **"The Transferee Company"** means **EDEL FINANCE COMPANY LIMITED ('EFCL')**, was originally incorporated under the name and style of Dropadi Finance Limited on 16 October 1989. EFCL received the Certificate of Commencement of business on 2 January 1990 and was registered as an NBFC with RBI vide certificate no. B – 13.01771 dated 28 June 2004. Thereafter, the name

was changed to "Edel Finance Company Limited" with effect from 26 February 2011. The Company received the certificate of registration as Core Investment Company from RBI on 9 October 2018.

1.20 **“Undertaking”** shall mean all assets, properties, liabilities and entire business, activities and operations of the Transferor Company on a going concern basis and shall include (without limitation):

- (a) all the assets wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal present or contingent, of whatsoever nature, wherever situated including furniture, fixtures, office equipment, software, computers, leasehold improvements, appliances, accessories, inventories, stock-in-trade, debtors, current assets, fixed assets, capital work-in-progress including expenses incurred to be capitalized and advances for assets, cash and bank balances including all rights, title, interest, covenants, undertakings;
- (b) all investments, if any, in shares, stocks, warrants, debentures, bonds and other such securities, whether encumbered or unencumbered, whether in certificate form or in dematerialized form and agreements to purchase, sell, assign, mortgage in relation thereto, loans and advances including accrued interest thereon;
- (c) all credits, advances, loans, fixed deposits, earnest monies, security deposits, provisions, commitments appertaining or relatable to the Transferor Company;
- (d) all debts, (including debentures, bonds, and other debt securities), liabilities, loans, advances borrowings, bills payable, public deposits, interest accrued, contingent liabilities and all other liabilities, duties, undertakings, contractual obligations, guarantees given and duties and obligations of the Transferor Company;
- (e) all powers, authorities, allotments, approvals, consents, rights, licenses, permits, quotas, subsidies and incentives, registrations, contracts, engagements, liberties, arrangements, rights, titles, interests, benefits and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company, including but without being limited to all patents, trademarks, trade names, copyrights, designs and other commercial rights of any nature whatsoever and licenses in respect thereof,

privileges, liberties, easements, advantages, benefits, leases, tenancy rights, leasehold rights, ownership flats, easements, authorizations, rights and benefits of all agreements, goodwill, receivables, benefits of any deposits, including any tax - direct or indirect including advance tax paid, refund receivable, credit for minimum alternate tax, credit for input tax / service tax / CENVAT credit / Goods and Service Tax (GST), tax deducted in respect of any income received, exemptions, benefits, concessions, incentives, right to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and electronic and other services, reserves, provisions, funds, benefits of all agreements, contracts and arrangements, letters of intent, memorandum of understanding, expressions of interest whether under agreement or otherwise and all other interests belonging to or in the ownership, power or possession or in the control of or vested in or granted in favour of or enjoyed by the Transferor Company;

- (f) all necessary books, records, files, papers, computer programmes, websites, domain names, manuals, data, catalogues, quotations, sales and advertising materials, lists present and former customers, customer credit information, customer pricing information and all other records, whether in physical form or electronic form, software license, domain/websites etc. in connection with or relating to the Transferor Company; and
- (g) all employees of the Transferor Company as on the Effective Date.

The words importing the singular include the plural; words importing any gender include every gender.

Any word or expression used and not defined in the Scheme but defined in the Act shall have meaning respectively assigned to them in the Act and other Applicable Laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE OF THE SCHEME

The Scheme set out herein in its present form or with any modification(s) as approved or imposed or directed by the Hon'ble Tribunal, shall be effective from the Appointed Date but shall become operative from the Effective Date.

3. SHARE CAPITAL

3.1 The capital structure of the Transferor Company as on the Appointed Date is as under:

Particulars	Nos.	Amount (in Rs.)
Authorised Share Capital		
Equity Shares of Rs. 10 each	3,50,00,000	35,00,00,000
Total	3,50,00,000	35,00,00,000
Issued, Subscribed and Paid-up		
Equity Shares of Rs. 10 each, fully paid-up	3,33,25,875	33,32,58,750
Total	3,33,25,875	33,32,58,750

Subsequent to the above date and till the date of filing this application, there has been no change in the capital structure of the Transferor Company.

3.2 The capital structure of the Transferee Company as on the Appointed Date is as under:

Particulars	Nos.	Amount (in Rs.)
Authorised Share Capital		
Equity Shares of Rs. 100 each	27,50,00,000	27,50,00,00,000
Total	27,50,00,000	27,50,00,00,000
Issued, Subscribed and Paid-up		
Equity Shares of Rs. 100 each, fully paid-up	1,00,00,000	100,00,00,000
Total	1,00,00,000	100,00,00,000

Subsequent to the above date and till the date of filing this application, there has been no change in the capital structure of the Transferor Company.

PART-B – MERGER BY ABSORPTION OF TRANSFEROR COMPANY BY TRANSFEEE COMPANY

4. TRANSFER OF UNDERTAKING

4.1 Upon this Scheme coming into effect on and from the Appointed Date, and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the Undertaking of the Transferor Company shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:

- (a) With effect from the Appointed Date, the whole of the business and the Undertaking of the Transferor Company shall, under the provisions of Sections 230 to 232 and all other applicable provisions, if any of the Act, without any further act or deed be transferred to and vested in and deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as from the Appointed Date, the assets and liabilities of the Transferee Company and to vest all the rights, titles interest, and authorities therein to the Transferee Company.
- (b) With effect from the Appointed Date, all the investments of the Transferor Company, if any, whether held as long term or short term or stock-in-trade shall, without any further act or deed, be and stand transferred to the Transferee Company and also all the moveable assets including cash in hand, if any, of the Transferor Company, capable of transfer by manual delivery or by endorsement and/or delivery shall be so delivered or endorsed and/or delivered as the case may be to the Transferee Company to the end and intent that the property therein passes to the Transferee Company, on such delivery or endorsement and delivery in pursuance of the provisions of Section 230-232 and other applicable provisions of the Act.
- (c) In respect of the movable properties of the Transferor Company [other than those specified in Clause 4.1(b) above], including sundry debtors, receivables, bills, credits, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies or with any company or other person, they shall

without any further act, instrument, deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act and the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, give notice in such form as it may deem fit and proper, to each person, debtor or depositor, as the case may be, that pursuant to the NCLT having sanctioned the Scheme, the said debt, loan, advance, bank balance, or deposit be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end and intent that the right of the Transferor Company to recover or realize all such debts (including the debts payable by such person or depositor to the Transferor Company) stands transferred and assigned to the Transferee Company and that appropriate entries should be passed in its books to record the aforesaid change.

- (d) The Transferee Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation / notice in favour of any other party to any contract or arrangement to which the Transferor Company are party in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to implement or carry out all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed.
- (e) With effect from the Appointed Date, all debts (including debentures, bonds and other debt securities), loans, whether secured and unsecured, liabilities, duties, obligations of every kind, nature and description of the Transferor Company shall, under the provisions of Sections 230 to 232 of the Act without any further act or deed be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, loans, liabilities, duties, obligations of the Transferee Company and further 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, loans, liabilities, duties and obligations have arisen, in order to give effect to

the provisions of this Clause. It is clarified that the provision of this Scheme shall not extend to the personal guarantees, if any, provided by the directors of the Transferor Company which have been subsequent to the Appointed Date either released or waived by the parties. It is further clarified that the personal guarantees issued for and on behalf of the Transferor Company if not waived or released will continue to bind the guarantors.

- (f) All the licenses, permits, quotas, approvals, permissions, incentives, tax exemptions, benefits, concessions or deferrals, loans, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued, which may accrue to the Transferor Company whether on, before or after the Appointed Date and prior to the Effective Date in connection or in relation to the operation of the Undertakings of the Transferor Company shall, pursuant to the provisions of Section 232(4) of the Act and all other applicable provisions, if any, without any further act, instrument or deed, be and stand transferred to and vested in and or be deemed to have been transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date the licenses, permits, quotas, approvals, permissions, incentives, tax exemptions, tax credits, benefits, concessions or deferrals, loans, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under law.
- (g) All taxes including without limitation income tax, sales tax, service tax, vat, central sales tax, central goods and service tax law ('CGST'), state goods and service tax law ('SGST') and integrated goods and service tax law ('IGST'), custom duty etc. paid or payable by the Transferor Company in respect of the operations and / or the profits of the business before the Appointed Date shall be on account of the Transferor Company and, in so far it relates to the tax payment including, without limitation, income tax, sales tax, service tax, vat, central sales tax, CGST, SGST and IGST, custom duty etc. whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company

in respect of the profits or activities or operation of the business of the Undertaking with effect from the Appointed Date, the same shall be deemed to be corresponding item paid by the Transferee Company, and, shall, in all proceedings, be dealt with accordingly.

(h) Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date transferred to the Transferee Company have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.

(i) The Transferor Company shall at its discretion give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the NCLT having sanctioned the Scheme, the said debt, loan, advance or deposit shall be paid or made good or held on account of the Transferee Company and that thereafter the right of the Transferor Company to recover or realize the same stands extinguished.

4.2 If and to the extent there are inter–corporate loans, deposits or balances amongst the Transferor Company and Transferee Company, the obligations in respect thereof shall, on and from the Appointed Date, come to an end and suitable effect shall be given in the books of accounts and records of the Transferee Company, if required, for such adjustments of debts or liabilities, as the case may be. For removal of doubts, there would be no accrual of interest or other charges in respect of any such inter-company loans, advances or outstanding balances with effect from the Appointed Date.

4.3 The transfer and / or vesting of the properties as aforesaid shall be subject to the existing charges, hypothecation and mortgages, if any, in respect of all the aforesaid assets or any part thereof of the Transferor Company.

Provided however, that any reference in any security documents or arrangements, to which the Transferor Company is a party, to the assets of the Transferor Company which it has offered or agreed to be offered as security for any financial assistance or obligations, to the secured creditors of the Transferor Company, if any, shall be construed as reference only to the assets pertaining to the assets of the Transferor Company as are vested in the Transferee

Company by virtue of the aforesaid Clause, to the end and intent that such security, mortgage and charge shall not extend or be deemed to extend, to any of the assets or to any of the other units or divisions of the Transferee Company, unless specifically agreed to by the Transferor Company with such secured creditors.

Provided that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to the Transferor Company which shall vest in the Transferee Company by virtue of the Scheme and the Transferee Company shall not be obliged to create any further or additional security thereof after the Scheme has become effective or otherwise.

- 4.4 Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date have been discharged by the Transferee Company after the Appointed Date, such discharge shall be deemed to have been for and on account of the Transferor Company.
- 4.5 All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company in relation to or in connection with the Undertaking on and after the Appointed Date and prior to the Effective Date subject to the provisions of this Scheme shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferor Company and to that extent they are outstanding on the Effective Date shall upon the coming into effect of this Scheme pursuant to the provisions of applicable provisions of the Act, without any further act, instrument or deed be and stand transferred to and vested in the Transferee Company and shall become the debts, duties, undertakings, liabilities and obligations of the Transferee Company.
- 4.6 With effect from the Effective Date, the Transferee Company shall commence and carry on and shall be authorized to carry on the business which was carried on by the Transferor Company in addition to the business of the Transferee Company.
- 4.7 The Scheme is not likely to impose any additional burden / hardship on the members of Transferor Company or the Transferee Company nor will it affect the interests of any of classes of members / creditors of the Transferor Company and the Transferee Company.

4.8 The transfer and / or vesting of all the properties, assets and liabilities of the Transferor Company to the Transferee Company and the continuance of all the contracts or proceedings by or against the Transferee Company shall not affect any contract or proceedings relating to the assets or the liabilities already concluded by the Transferor Company on or after the Appointed Date.

5. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

Subject to all the provisions of this Scheme, all contracts, deeds, bonds, agreements, engagements, registrations, benefits, entitlements, arrangements and other instruments of whatsoever nature to which the Transferor Company are a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company as the case may be enforced as fully and effectively as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into a tripartite arrangement, confirmation or novation to which the Transferor Company will, if necessary, also be a party in order to give formal effect to this Clause if so required or become necessary.

6. LEGAL PROCEEDINGS

6.1 Upon the coming into effect of this Scheme, all suits, actions, writ petitions, revisions and proceedings including legal and taxation proceedings (hereinafter called 'the Proceedings') of whatever nature by or against the Transferor Company, whether pending and / or arising on or before the Effective Date shall not abate, or be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking of the Transferor Company pursuant to this Scheme but be continued, prosecuted and enforced by or against the Transferee Company as effectually as if the same had been pending and / or arising against the respective Transferee Company as effectually and in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made.

6.2 On and from the Effective Date, the Transferee Company may initiate and/or continue any Proceedings, which were earlier in the name of the Transferor Company.

6.3 After the Appointed Date and before the Effective Date, if any, Proceedings are taken by or against the Transferor Company, the same shall be instituted and/or defended by the Transferor Company for and on behalf of the Transferee Company.

7. CONDUCT OF BUSINESS BY TRANSFEROR COMPANY TILL EFFECTIVE DATE:

With effect from the Appointed Date, and up to the Effective Date:

7.1 The Transferor Company shall carry on or deemed to have carried on all their respective businesses and activities and shall be deemed to have held or stood possessed of and shall hold and stand possessed of all the said assets for and on account of and in trust for the Transferee Company. The Transferor Company hereby undertakes to hold the assets, properties and liabilities with utmost prudence until the Effective Date.

7.2 All the profits or income accruing or arising to the Transferor Company or expenditure or losses arising or incurred by the Transferor Company shall for all purposes be treated and be deemed to be and accrued as the profits and income or expenditure or losses of the Transferee Company, as the case may be.

7.3 The Transferor Company shall carry on their business activities with reasonable diligence, business prudence and shall not alienate, charge, mortgage, pledge, encumber or otherwise deal with the said assets or any part thereof except in the ordinary course of business or pursuant to any pre-existing obligation undertaken by the Transferor Company prior to the Appointed Date and except with prior written consent of the Transferee Company.

Provided however, the Transferor Company shall in the ordinary course of business be entitled to borrow in the form of loans if deemed necessary by it and further consent for this purpose will not be required of the Transferee Company in that behalf.

- 7.4 The Transferor Company shall not, without prior written consent of the Transferee Company, undertake any new business activity outside their ordinary course of business.
- 7.5 The Transferor Company shall not, without prior written consent of the Transferee Company, take any major policy decisions in respect of management of the Company and for the business of the Company and shall not change their present capital structure.
- 7.6 All the transactions between Transferor Company and Transferee Company from Appointed Date till Effective Date shall be treated as intra-company transactions.
- 7.7 Subject to the terms of the Scheme, the transfer and vesting of the Undertaking of the Transferor Company as per the provisions of the Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

8. TREATMENT OF TAXES

- 8.1 Any tax liabilities/refunds/credits/claims relating thereto under the Income-tax Act, 1961 (hereafter referred to as the 'IT Act'), Customs Act, 1962, State sales tax laws, Central Sales Tax Act, 1956, Finance Act, 1994, Goods and Services Tax Laws or other Applicable Laws / regulations dealing with taxes / duties / levies [hereinafter in this Clause referred to as 'Tax Laws'] allocable or related to the business of the Transferor Company to the extent not provided for or covered by tax provision in the books of accounts made as on the date immediately preceding the Appointed Date shall be treated as liabilities/refunds/credits/claims of the Transferee Company and shall be transferred to Transferee Company. Any surplus in the provision for taxation/ duties/levies account including advance tax and tax deducted at source, credit for minimum alternate tax / service tax as on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.

- 8.2 Any refund under the Tax Laws due to Transferor Company consequent to the assessments made on Transferor Company and for which no credit is taken in the books of accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 8.3 Without prejudice to the generality of the above, all benefits, credits, refunds, exemptions, incentives or concessions under Tax Laws as may be applicable to which the Transferor Company is entitled to in terms of the applicable Tax Laws of the Union and State Governments in India, shall be available to and vest in the Transferee Company.
- 8.4 The Transferee Company shall be entitled to file / revise its income tax returns, withholding tax returns, service tax returns, value added tax returns, central sales tax returns, goods and services tax (GST) returns, tax deducted at source certificates, tax deducted at source returns and other statutory returns and filings, if required under the Tax Laws, and shall have the right to claim set-off and/ or refund, advance tax credits, credit for minimum alternate tax / tax deducted at source / foreign taxes withheld/ paid, input tax credits etc. if any, under any of the aforesaid tax laws as may be required consequent to implementation of this Scheme.
- 8.5 Upon Scheme coming into effect, any obligation for deduction of tax at source on any payments made by or to be made by the Transferor Company shall be made or deemed to have been made and duly complied with by Transferee Company.
- 8.6 All intangible assets (including but not limited to goodwill) belonging to but not recorded in the books of account of the Transferor Company and all intangible assets (including but not limited to goodwill) arising or recorded in the process of amalgamation in the books of account of Transferee Company shall, for all purposes, be regarded as an intangible asset in terms of Explanation 3(b) to Section 32(1) of the IT Act and Transferee Company shall be eligible for depreciation there under at the prescribed rates.

9. TREATMENT OF SCHEME FOR THE PURPOSES OF THE INCOME-TAX ACT, 1961

This Scheme has been drawn up to comply and come within the definition and conditions relating to "Amalgamation" as specified under Sections 2(1B) and 47(vi) of the IT Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Sections of the IT Act, at a later date, including resulting from an amendment of law or for any other reason whatsoever, the Scheme shall stand modified/amended to the extent determined necessary to comply and come within the definition and conditions relating to "Amalgamation" as specified in the IT Act. In such an event the Clauses which are inconsistent shall be modified or if the need arises be deemed to be deleted and such modification/deemed deletion shall however not affect the other parts of the Scheme.

10. STAFF, WORKMEN AND EMPLOYEES OF THE TRANSFEROR COMPANY

10.1 All employees of the Transferor Company in service on the Effective Date shall become employees of the Transferee Company on such date without any break or interruption in service and on terms and conditions as to remuneration not less favorable than those subsisting with reference to the Transferor Company as on the said date.

10.2 It is provided that so far as the provident fund or any other special scheme(s) / fund(s), if any, created or existing for the benefit of the employees of the Transferor Company are concerned, upon the coming into effect of this Scheme, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever related to the administration or operation of such schemes or funds or in relation to the obligation to make contributions to the said schemes / funds in accordance with provisions of such schemes / funds as per the terms provided in the respective trust deeds, to the end and intent that all the rights, duties, powers and obligations of the Transferor Company in relation to such schemes / funds shall become those of the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous for the purpose of the aforesaid schemes / funds.

10.3 The Transferee Company shall continue to abide by any agreements / settlement entered into by the Transferor Company with any of its employees. The Transferee Company agrees that for the purpose of payment of any retrenchment, compensation, gratuity and other terminal benefits, the past services of such employees with the Transferor Company shall also be taken into account.

11. ISSUE OF SHARES BY THE TRANSFEE COMPANY

On the Scheme becoming effective:

- a) The Transferor Company and the Transferee Company are part of the same group of companies. They have a common holding company viz. Edelweiss Financial Services Limited and the management and control of these Companies is with Edelweiss Financial Services Limited . In the circumstances, due regard being had to business conditions and market, the level of assets and business operations in the Companies would to a great extent be determined by the strategic plans and policies laid down by the common promoter group owning and managing these companies.
- b) The most relevant and vital issue for consideration is that the common promoter group holding the equity share capital of the Companies prior to the proposed Scheme of Merger by Absorption, would continue to hold the equity share capital of the Transferee Company viz. Edel Finance Company Limited, post the Scheme of Merger by Absorption.
- c) In light of the above, the Board of Directors of the Transferor Company and the Transferee Company have recommended the equity share exchange ratio of 130 equity shares of the Transferee Company of Rs. 100 each for every 100 equity share of the Transferor Company of Rs. 10 each, based on recommendation of equity share exchange in the valuation report by M/s. Vishal R. Laheri.
- d) Accordingly, the Transferee Company shall, without any further application or deed, issue and allot to every member of the Transferor Company whose names appear in the register of members of the Transferor Company or their beneficial owners in terms of Section 89 of the Act on the Effective Date, his/ her heirs, executors, administrators or the successors-in-title, as

the case may be (hereinafter called the 'New Equity Shares').

- e) The Board of Directors of the Transferor Company and the Transferee Company have come to the conclusion that the said exchange ratio is reasonable and is in the interest of the shareholders of the Transferor Company and the Transferee Company.
- f) The New Equity Shares shall have rights attached thereto as under:
 - i. The New Equity Shares to be issued and allotted in terms hereof will be subject to the Memorandum and Articles of Association of the Transferee Company.
 - ii. Subject to the provisions of this Scheme, the New Equity Shares to be issued and allotted to the shareholders of the Transferor Company pursuant to this Scheme shall in all respects, rank *pari passu* with the existing equity shares of the Transferee Company in respect of dividend, bonus, right shares, voting rights and other corporate benefits. Until the Effective Date, the holders of the equity shares of the Transferor Company shall continue to enjoy their rights under their Articles of Association, including the right to receive dividend if any, declared in accordance with the Act and the Articles of Association of the Transferor Company.
 - iii. Upon the Scheme coming into effect, all the shareholders of the Transferor Company holding shares in physical form shall surrender their share certificates to the Transferee Company for cancellation thereof. Notwithstanding the foregoing, upon the New Equity Shares being issued and allotted, as aforesaid, the share certificates in respect of the equity shares held in the Transferor Company shall be deemed to have been automatically cancelled and of no effect and the Transferee Company instead of requiring surrender of such certificates may directly issue and dispatch fresh share certificates in respect of the New Equity Shares issued and allotted by the Transferee Company.
 - iv. The fraction, if any, shall be rounded off to next number and Transferee Company shall issue the New Equity Shares accordingly.

- g) The Transferor Company may declare and pay dividend, subject to the provisions of the Act, to their respective equity shareholders for the financial year(s) ending prior to the Effective Date provided the Board of Directors of the Transferor Company shall have obtained the prior consent and approval of the Board of Directors of the Transferee Company before declaring/recommending to the members of the Transferor Company.
- h) The Transferee Company may declare and pay dividend, subject to the provisions of the Act, to its equity shareholders for the financial year ending prior to the Effective Date and no such dividend shall be payable to the shareholders of the Transferor Company in respect of their shareholding in the Transferor Company or their entitlement to the New Equity Shares pursuant to this Scheme if such dividend is declared prior to the Effective Date.

12. ACCOUNTING TREATMENT

Upon the Scheme coming into effect, the Transferee company shall account for the amalgamation of the Transferor Company in the books of accounts in accordance with “Pooling of Interest Method” of accounting as laid down in Appendix C of Ind AS-103 (Business Combinations of entities under common control) 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:

- 12.1 The Transferee Company shall upon the Scheme coming into effect, record the assets and liabilities, if any, of the Transferor Company vested in it pursuant to this Scheme, at the respective book values thereof and in the same form as appearing in the books of the Transferor Company.
- 12.2 The identity of the reserves of the Transferor Company shall be preserved and the Transferee Company shall record the reserves of the Transferor Company in the same form and at the same values as they appear in the financial statements of the Transferor Company.

12.3 Pursuant to the amalgamation of the Transferor Company with the Transferee Company, the inter-company balances between the Transferee Company and the Transferor Company, if any appearing in the books of the Transferee Company shall stand cancelled and there shall be no further obligation in that behalf.

12.4 The Transferee Company shall credit to its share capital account, the aggregate face value of the equity shares issued by it to the shareholders of the Transferor Company pursuant to Clause 11 of the Scheme.

12.5 The surplus/deficit, if any arising after taking the effect of Clause 12.1, 12.2 and Clause 12.4, after giving the effect of the adjustments referred to in Clause 12.3, shall be adjusted in "Capital Reserve Account" in the financial statements of the Transferee Company.

12.6 In case of any differences in accounting policies between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the financial statements reflect the financial position based on consistent accounting policies.

12.7 Comparative financial information in the financial statements of the Transferee Company shall be restated for the accounting impact of merger, as stated above, as if the merger had occurred from the beginning of the comparative period.

13. AMENDMENT TO THE AUTHORISED SHARE CAPITAL CLAUSE OF THE TRANSFEE COMPANY:

13.1 Upon the Scheme coming into effect, the existing Authorised Share Capital of the Transferor Company will get merged with that of the Transferee Company without payment of additional fees and duties, as the said fees had already been paid by the Transferor Company.

13.2 It is clarified that Transferee Company, for the purpose of amendment in the Authorized Share Capital and corresponding amendment in the Memorandum of Association shall not be required to pass a separate Resolution under Section 13 or any other provisions of the Act and on the members of Transferee Company approving the Scheme, it shall be deemed that

the shareholders of Transferee Company have given their consent for the amendment to the Authorized Share Capital and consequent amendment in Memorandum of Association of Transferee Company, as required under Section 13 and other applicable provisions of the Act.

14. DISSOLUTION WITHOUT WINDING UP OF THE TRANSFEROR COMPANY

The Transferor Company shall be dissolved without winding up on an order made by the Tribunal under Section 232 of the Act.

PART-C – GENERAL CLAUSES, TERMS AND CONDITIONS:

15. APPLICATION TO THE TRIBUNAL:

- 15.1 The Transferor Company and the Transferee Company shall with all reasonable dispatch, make joint application/petition under Sections 230 to 232 and other applicable provisions of the Act to the Tribunal at Mumbai seeking orders for dispensing with or convening, holding and conducting of the meetings of the members and/or creditors of the Transferor Company and the Transferee Company as may be directed by the Tribunal.
- 15.2 On the Scheme being agreed to by the requisite majorities of the members and/or creditors of the Transferee Company and the Transferor Company or dispensation thereof as directed by the Tribunal, the Transferee Company and the Transferor Company shall, with all reasonable dispatch, apply to the NCLT for sanctioning of this Scheme and for dissolution of the Transferor Company without winding up under the provisions of the Act.

16. MODIFICATIONS, AMENDMENTS TO THE SCHEME

- 16.1 Subject to approval of the NCLT, the respective Boards or the respective authorized representative appointed by the Board of the Transferee Company and the Transferor Company may assent to any modification(s), alteration(s) or amendment(s) of this Scheme or any condition(s) which the NCLT and / or any other competent authority may deem fit to direct or impose and the said respective Boards may do all such acts, things and deeds necessary in connection with or to carry out the Scheme into effect and take such steps as may be

necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any order of the NCLT or any directions or order of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and / or matters concerned or connected therewith.

16.2 The Companies shall have the discretion to withdraw their application(s)/ petition(s) from NCLT, if any onerous terms or other terms not acceptable to them which may be introduced in the Scheme whether at the meetings of shareholders/creditors or at the time of sanction of the Scheme or as otherwise deem fit by the Board of the Companies. They shall also be at liberty to render the Scheme ineffective by not filing the certified copy of order of the Scheme sanctioned, with Registrar of Companies. However, necessary intimation may be filed by the Companies with the NCLT of their decision not to file the Scheme and not to make it effective.

17. SCHEME CONDITIONAL UPON APPROVALS / SANCTIONS :

This Scheme is specifically conditional upon and subject to:

17.1 Approval of, and agreement to the Scheme by the requisite majorities of members or creditors such of the Transferor Company and Transferee Company or dispensation thereof as may be directed by the Tribunal on the applications made for directions under Section 230 of the said Act for calling or dispensing with meetings and necessary resolutions being passed under the Act for the purpose, if required.

17.2 Intimation of the merger to RBI with a request to surrender the license of the Transferor Company upon the Scheme becoming effective.

17.3 The sanctions of the Tribunal and any other Authority being obtained under Sections 230 to 232 and other applicable provisions of the Act on behalf of the Transferor Company and Transferee Company.

17.4 Certified copies of the Order of the Tribunal sanctioning this Scheme being filed with the Registrar of Companies, Maharashtra, Mumbai by the Transferor Company and Transferee Company.

18. EFFECT OF NON-RECEIPT OF APPROVAL/SANCTION

In the event of the said sanction and approvals are not being obtained or waived and / or the Scheme not being sanctioned by the NCLT, the Scheme shall become null and void, and no rights and liabilities whatsoever shall accrue to or be incurred *inter se* by the parties or their shareholders or creditors or employees or any other person.

19. BOARD OF DIRECTORS OF THE TRANSFEROR COMPANY

Upon coming into effect of this Scheme, the Board of Directors of the Transferor Company shall stand discharged, without any further act, deed or thing, etc.

20. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of businesses under Clause 4 and the continuance of proceedings by or against the Transferor Company above shall not affect any transaction or proceedings already concluded by the Transferor Company on or before the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

21. SEVERABILITY

If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Board of Directors of the Transferor Company and Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

22. EXPENSES CONNECTED WITH THE SCHEME

All cost, charges and expenses in relation to or in connection with this Scheme and of carrying out and completing the terms and provisions of this Scheme and/or incidental to the completion of merger by absorption of the Transferor Company in pursuance of the Scheme shall be borne and paid by the Transferee Company only. Similarly, the Transferee Company shall alone bear any duties, stamp duty or taxes leviable, if any, in pursuance to or as a consequence of the Scheme of Merger by Absorption.

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