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COMPOSITE SCHEME OF ARRANGEMENT

**BETWEEN**

**SMC COMTRADE LIMITED**

**(DEMERGED COMPANY 1)**

**AND**

**SMC INVESTMENTS AND ADVISORS LIMITED**

**(DEMERGED COMPANY 2)**

**AND**

**SMC FINVEST LIMITED**

**(TRANSFEROR COMPANY 1)**

**AND**

**INDUNIA REALTECH LIMITED**

**(TRANSFEROR COMPANY 2)**

**AND**

**SMC GLOBAL SECURITIES LIMITED**

**(RESULTING COMPANY/TRANSFEREE COMPANY)**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

**PREAMBLE**

This composite scheme of arrangement (as defined hereinafter)is presented for -

1. Demerger of Demerged Undertaking 1(as defined hereinafter) of SMC Comtrade Limited and vesting of the same in SMC Global Securities Limited;
2. Demerger of Demerged Undertaking 2 (as defined hereinafter) of SMC Investments and Advisors Limited and vesting of the same in SMC Global Securities Limited;
3. Merger of SMC Finvest Limited with SMC Global Securities Limited; and
4. Merger of Indunia Realtech Limited with SMC Global Securities Limited

pursuant to Sections 230-232 and other applicable provisions of the Companies Act, 2013.In addition, this composite scheme of arrangement also provides for various other matters consequential or otherwise integrally connected herewith.

1. **BACKGROUND AND DESCRIPTION OF COMPANIES**
   1. **SMC Global Securities Limited (“Transferee Company” or “Resulting Company” or”SMC Global”)** is a company incorporated on December 19, 1994 under the provisions of The Companies Act, 1956 and has its registered office at11/6B, Shanti Chamber, Pusa Road, New Delhi-110005.It is engaged in business ofproviding services relating to equity and currencybroking, clearing, depository, distribution of financial products, such as mutual fund,placement of debt securities, initial public offerings and also engages in proprietary transactions.The equity shares of SMC Global are listed on the Kolkata Stock Exchange.
   2. **SMC Comtrade Limited (“Demerged Company 1” or “SMC Comtrade”)** is a company incorporated on March 21, 1997under the provisions of the Companies Act, 1956 and has its registered office at 11/6B, Shanti Chamber,Pusa Road,New Delhi-110005.SMC Comtrade is engaged in the business of Commoditybroking, clearing services and proprietarytrading (agri and non-agri products) and bullion business (primarily gold and silver).SMC Comtrade is a wholly owned subsidiary of SMC Global.
   3. **SMC Investments and Advisors Limited (“Demerged Company 2” or “SMC Investments”)** is a company incorporated on August 28, 1997under the provisions of the Companies Act, 1956 and has its registered office at11/5B, Pusa Road, New Delhi-110005.SMC Investments is engaged in the business of Wealth Management business including portfolio management services, Loan Advisory,Corporate Funding and Debt Syndication Facilitation. It is registered with the Securities and Exchange Board of India (SEBI) as a portfolio manager.SMC Investments is a wholly owned subsidiary of SMC Global.
   4. **SMC Finvest Limited (“Transferor Company 1” or “SMC Finvest”)** is a company incorporated on November 6, 2009 under the provisions of the Companies Act, 1956 and has its registered office at A-401/402, Lotus Corporate Park, Jai Coach Junction off Western Express Highway, Goregaon (East), Mumbai -400063.SMC Finvest is a Core Investment Company (CIC) engaged in the business of investing in group companies by way of equity shares and loans.SMC Finvest is a wholly owned subsidiary of SMC Global.
   5. **Indunia Realtech Limited (“Transferor Company 2” or “Indunia”)** is a company incorporated on May 25, 2009 under the provisions of Companies Act, 1956 and has its registered office at 11/6B, Shanti Chamber, Pusa Road, New Delhi - 110005. The main object of Indunia is to provide an online market place for the benefit of builders, developers, brokers, agents,financiers, buyers and sellers, lessors and lessees, of all types of land and buildings, houses, apartments and other properties and to provide such data for parties interested to buy, sell, lease, finance, develop or value add such properties and to generate income including by way of subscription, listing fee, hosting banners, advertisement, lead creation and other activities.Indunia is a wholly-owned subsidiary of SMC Global. As of now, Indunia does not have any operations.
2. **RATIONALE FOR THE COMPOSITE SCHEME OF ARRANGEMENT**

The key rationale of the Composite Scheme of Arrangement is as under –

1. Demerger of the commodity broking and proprietary commodity trading business of SMC Comtrade into SMC Global -
   1. Presently, the Group (as defined hereinafter) carries out equity and commodity broking business through separate entities i.e. SMC Global and SMC Comtrade respectively.The commodity broking business was earlier governed by the Forward Markets Commission while the equity broking was under the purview of the Securities and Exchange Board of India (SEBI) and hence the commodity and equity broking business were required to be carried out separately.

However, with effect from 28 September, 2015 the commodity broking business has also been brought under the purview of SEBI.Accordingly, SEBI (vide circular dated September 21, 2017) has permitted the integration of the commodity and equity broking activities to be carried out in a single entity.

* 1. The consolidation of the commodity and equity broking business will have the following key benefits for the Group, its customers and various stakeholders –
* Opening up several opportunities for the Group’s broking business as a whole and also its customers at large
* Improve overall customer experience and provide them access to investments across several asset classes from a single accountwithout maintaining margin money separately for equity and commodity account(s)
* Provide significant impetus to the broking business by consolidation of the client base and enable cross sell of the commodity futures and options to clients in the capital and currency market segments
* Achieve overall cost and operational efficiencies, *inter-alia* by sharing of infrastructure facilities, IT support, employees, software(s)etc. which will help in reducing the overheads and improve margins

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1. Demerger of the Wealth Management business (including portfolio management services) of SMC Investments into SMC Global –
   1. In the last few years, the Wealth Managementbusiness is going through a tough phase and traction has been slow. The Wealth Management business has high cost of operations which is putting pressure on the business leading to operational losses. Therefore, it is felt desirable that the Wealth Management business should be consolidated with SMC Global to achieve operational and cost efficiencies by leveraging SMC Global’s broking client base of more than five lakh customersand network of over 40 branches with 2500+ franchisees spread over more than 500 cities.
   2. The demerger of the Wealth Management business from SMC Investments into SMC Global will *inter-alia*help achieve the following –

Consolidated go-to-market strategy / approach by leveraging the strength and client base of the equity, commodity broking, fixed income products and Wealth Management business. This will enable greater focus of the Management and help them pursue revenue growth and expansion opportunities in an efficient manner

Sharing of the infrastructure facilities, IT support, employees, software(s) etc. of SMC Global by the Wealth Management business leading to operational and cost efficiencies

Reduction in overall cost of operation and client acquisitions by consolidating the sales team of both companies and eliminating overlaps thereby improving margins.

1. **Realignment and simplification of the Group structure**
   1. The Scheme will facilitate the consolidation of the regulated business in / directly under SMC Globaland reduce the layer of entities
   2. The merger of SMC Finvest and Indunia with SMC Global will lead to reduction in number of legal entities, resulting in an overall reduction in administrative, managerial, compliance requirements and related costs for the group.

In view of the abovementioned reasons, it is considered desirable and expedient to implement the proposed composite scheme of arrangement.

1. **PARTS OF THE SCHEME**

This Composite Scheme (*as defined hereinafter*) is divided into the following parts:

**PART I** deals with Definitions and Share Capital;

**PART II**deals with demerger of Demerged Undertaking 1 (*as defined hereinafter*)from SMC Comtrade and Demerged Undertaking 2(*as defined hereinafter*)from SMC Investments andvesting of the same in SMC Global;

**PART III** deals merger of SMC Finvestand Indunia with SMC Global;

**Part IV** deals with consideration, accounting treatment of the Scheme and other matters.

**Part V**deals with the general terms and conditions applicable to the Scheme (*as defined hereinafter*).

**PART – I**

**DEFINITIONS AND SHARE CAPITAL**

1. **DEFINITIONS**

In this Scheme (as defined hereinafter), unless repugnant to the meaning or context thereof, the following expressions shall have the meaning mentioned herein below:

* 1. “**2013 Act**” means the Companies Act, 2013 to the extent notified and in force and the rules, regulations, circulars and notifications issued, as amended, substituted or re-enacted any from time to time and to the extent in force.
  2. **“Appointed Date”**for the purpose of this Scheme and the Income Tax Act, 1961,means April 1, 2018 or such other date as may be approved by the Tribunal or such other competent authority having jurisdiction to sanction the Scheme.
  3. “**Board of Directors**” in relation toDemerged Company 1, Demerged Company 2, Transferor Company 1, Transferor Company 2 and the Resulting Company/Transferee Company, as the case may be, shall mean their respective Board of Directors, and unless it is repugnant to the context or otherwise, shall include committee of directors or any person authorized by the Board of Directors or such committee of directors.
  4. **“Demerged Undertaking 1”** comprises of business and business interests of SMC Comtrade Limited (‘Demerged Company 1’) in thecommodity broking, clearing services and proprietary trading business (arbitrage related to agri and non agri commodities)(but does not includethe business interests in the Remaining business of Demerged Company 1) and which shall be inclusive of but not limited to –

1. all assets, whether moveable or immoveable, if any, including all rights, title, interest, claims, covenants, undertakings including membership of various commodity exchanges like MCX, NCDEX, NMCE and ICEX of Demerged Company 1 pertaining to the commodity broking, clearing services and proprietary trading business (arbitrage related to agri and non-agri commodities);
2. all investments, receivables, loans and advances extended (including GST credit, advance tax credit, withholding tax credit and / or other tax assets), including accrued interest thereon of Demerged Company 1 pertaining to the commodity broking, clearing services andproprietary trading business (arbitrage related to agri and non-agri commodities), including without limitation, the investment in SMC Comex International DMCC andSMC Insurance Brokers Private Limited. Therefore, pursuant to demerger, these companies will become direct subsidiaries of SMC Global;
3. all debts, borrowings and liabilities, whether present or future, whether secured or unsecured of the Demerged Company 1 pertaining to thecommodity broking, clearing services and proprietary trading business (arbitrage related to agri and non-agri commodities);
4. all permits, rights, entitlements, licenses, approvals, grants, allotments, recommendations, clearances, tenancies, offices, taxes, tax deferrals and benefits, subsidies, concessions, refund of any tax, duty, cess or of any excess payment, tax credits [including, but not limited to, credits in respect of income tax (including carry forward tax losses and unabsorbed depreciation), tax deducted at source, sales tax, value added tax, turnover tax, excise duty, service tax, Goods and Service tax, minimum alternate tax credit etc.] of every kind and description whatsoever of Demerged Company 1 pertaining to the commodity broking, clearing services and proprietary trading business (arbitrage related to agri and non-agri commodities);
5. all trademarks, service marks and other intellectual property rights of every kind and description whatsoever of Demerged Company 1 pertaining to thecommodity broking, clearing services and proprietary trading business (arbitrage related to agri and non-agri commodities);
6. all privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, powers and facilities of every kind and description whatsoever of Demerged Company 1 pertaining to the commodity broking, clearing services and proprietary trading business (arbitrage related to agri and non-agri commodities);
7. All USER IDs, Clients and Trading Members (TM), Unique Client Codes (UCC), Clients’ and TMs open positions and all their funds, deposits andmargins and collaterals,KYC documents, Connectivity etc., pertaining to the commodity broking,clearing services and proprietary trading(arbitrage related to agri and non agri commodities) and Authorised Persons (APs) pertaining to the commodity broking;
8. all employees of Demerged Company 1 employed in relation to the commodity broking, clearing services and proprietary trading business (arbitrage related to agri and non-agri commodities);
9. all advance payments, earnest monies and/or security deposits, payment against warrants, if any, or other entitlements of Demerged Company 1 pertaining to the commodity broking,clearing services and proprietary trading business (arbitrage related to agri and non-agri commodities);
10. all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature initiated by or against Demerged Company 1 in connection with the commodity broking, clearing services and proprietary trading business (arbitrage related to agri and non-agri commodities);
11. all books, records, files, papers, computer programs, engineering and process information, manuals, data, production methodologies, production plans, catalogues, quotations, websites, sales and advertising material, marketing strategies, list of present and former customers, customer credit information, customer pricing information, and other records whether in physical form or electronic form or in any other form in connection with or relating to Demerged Company 1 and pertaining to thecommodity broking, clearing services and proprietary trading business (arbitrage related to agri and non-agri commodities).
12. Any question that may arise as to whether a specified asset or liability pertains to or does not pertain to the commodity broking, clearing services and proprietary trading (arbitrage related to agri and non-agri commodities) or whether it arises out of the activities or operations of the commodity broking, clearing services and proprietary trading (arbitrage related to agri and non-agri commodities) business shall be decided by mutual agreement between the Board of Directors of Demerged Company 1 and the Resulting Company.
13. It is intended that the definition of the commodity broking, clearing services and proprietary trading (arbitrage related to agri and non-agri commodities) business under this Clause would enable the transfer of all property, assets, liabilities, rights, obligations, entitlements and benefitsof the commodity broking, clearing services and proprietary trading (arbitrage related to agri and non-agri commodities) to the Resulting Company pursuant to this Scheme, without any further act, deed, matter or thing.
    1. **“Remaining Business of Demerged Company 1”** means the interest in the bullion business of SMC Comtrade which comprises of trading in precious metals (including Gold and Silver) and /or associated derivatives and investments in SMC Share Brokers Private Limitedandimmovable properties.
    2. **“Demerged Undertaking 2”** comprises of business and business interests of SMC Investments and Advisors Limited (‘Demerged Company 2’) in theWealth Managementbusiness which comprises of managing, advising and facilitating High Net-worth individuals (‘HNIs’) and corporates to manage their wealth by offering in-house SEBI regulatedportfolio management services,Mutual fund distribution (registered with Association of Mutual Fundsof India (AMFI))and third party investment products business(but does not include the Remaining Business of Demerged Company 2) and which shall be inclusive of but not limited to –
14. all assets, whether moveable or immoveable, if any, including all rights, title, interest, claims, covenants, undertakings of Demerged Company 2 pertaining to the WealthManagement business;
15. all investments, receivables, loans and advances extended (including GST credit, advance tax credit, withholding tax credit and/ or other tax assets), including accrued interest thereon of Demerged Company 2 pertaining to the WealthManagement business;
16. all debts, borrowings and liabilities, whether present or future, whether secured or unsecured of the Demerged Company 2 pertaining to the WealthManagementbusiness;
17. all permits, rights, entitlements, licenses, approvals, grants, allotments, recommendations, clearances, tenancies, offices, taxes, tax deferrals and benefits, subsidies, concessions, refund of any tax, duty, cess or of any excess payment, tax credits [including, but not limited to, credits in respect of income tax (including carry forward tax losses and unabsorbed depreciation), tax deducted at source, sales tax, value added tax, turnover tax, excise duty, service tax, Goods and Service tax, minimum alternate tax credit etc.)] of every kind and description whatsoever of Demerged Company 2 pertaining to the WealthManagementbusiness;
18. all trademarks, service marks and other intellectual property rights of every kind and description whatsoever of Demerged Company 2 pertaining to the WealthManagement business;
19. all privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses (obtained from any regulatory and / or self-regulatory body including the registration obtained from SEBI to operate as a portfolio manager), and facilities of every kind and description whatsoever of Demerged Company 2 pertaining to the WealthManagement business;
20. Client details such as KYC agreements etc. along withall the rights, interest, title in the Assets under management (AUM) maintained under PMS license and Assets under administration (AUA) along with clients maintained under AMFI registration no. (ARN) 65827pertaining to the Wealth Management business;
21. all employees of Demerged Company 2 employed in relation to the WealthManagement business;
22. all advance payments, earnest monies and/or security deposits, payment against warrants, if any, or other entitlements of Demerged Company 2 pertaining to the WealthManagement Business;
23. all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature initiated by or against Demerged Company 2 in connection with the WealthManagement business; and
24. all books, records, files, papers, computer programs and process information, manuals, data, production methodologies, production plans, catalogues, quotations, websites, sales and advertising material, marketing strategies, list of present and former customers, customer credit information, customer pricing
25. information, and other records whether in physical form or electronic form or in any other form in connection with or relating to Demerged Company 2 and pertaining to the WealthManagement business.
26. Any question that may arise as to whether a specified asset or liability pertains to or does not pertain to the Wealth Management business or whether it arises out of the activities or operations of the Wealth Management business shall be decided by mutual agreement between the Board of Directors of Demerged Company 2 and the Resulting Company.
27. It is intended that the definition of the Wealth Management business under this Clause would enable the transfer of all property, assets, liabilities, rights, obligations, entitlements and benefitsof the Wealth Management businessis entitled to in terms of the various statutes/schemes/regulations etc.) to the Resulting Company pursuant to this Scheme, without any further act, deed, matter or thing.
    1. **“Remaining Business of Demerged Company 2”** means the following

* Loan advisory business comprising of loan facilitation and advisory services offered to clients through tie ups with various Banks, NBFCs and other financial institutions which was commenced in December 2014;
* Corporate funding and debt syndication facilitation business comprising of facilitation services to raise debt for SME & large corporate from Banks, NBFC and financial institutions which was commenced in April 2016; and
* Interest in SMC & IM Capitals Investment Manager LLP, a SEBI registered Investment Manager
  1. **"Effective Date"** means the date on which the last of the approvals or events specified under Clause14is obtained or has occurred or the requirement of which has been waived (to the extent permitted under applicable law) and the provisions of the Scheme (*as defined hereinafter*) are made effective with effect from the Appointed Date.

References herewith **"the coming into effect of this Scheme"** or **"this Scheme becoming effective"** shall mean the Scheme coming into effect or becoming effective on the Effective Date with effect from the Appointed Date.

* 1. **“Group”**shall mean to include SMC Global Securities Limited, SMC Comtrade Limited, SMC Investments and Advisors Limited, SMC Finvest Limited,Indunia Realtech Limited, and/or their subsidiaries, associates, holding company respectively and any other company under the same management.
  2. **“IT Act”** means the Income Tax Act, 1961 and the rules, regulations, circulars and notifications issued, as amended, substituted or re-enacted any from time to time and to the extent in force.
  3. **“Scheme” or “Composite Scheme of Arrangement”** means this Scheme of Arrangementbetween the Demerged Company 1, Demerged Company 2, Transferor Company 1, Transferor Company 2 and theResulting Company/Transferee Company and their respective shareholders in its present form or with any modification(s) made under Clause 13 of this Scheme as approved by the Tribunal pursuant to the provisions of Section 230-232 of 2013 Act and/or other relevant provisions of the 2013 Act.
  4. **“Tribunal”** means the National Company Law Tribunal,New Delhiand / or Mumbai Bench (as the case may be),as constituted under the provisions of 2013 Act.
  5. **“SEBI”** means Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992
  6. The expressions, which are used in this Scheme and not defined shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the 2013 Act, the IT Act and other applicable laws, rules, regulations, bye-laws, guidelines, circulars, notifications, orders, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

1. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

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

1. **SHARE CAPITAL**
   1. **Demerged Company 1 (SMC Comtrade Limited )**

The share capital structure of Demerged Company 1as on March 31, 2018is as under:

|  |  |
| --- | --- |
| **Particulars** | **Amount in Rs.** |
| **Authorized share capital** |  |
| 1,00,00,000 Equity Shares of Rs. 10 each | 10,00,00,000 |
| **TOTAL** | 10,00,00,000 |
| **Issued, subscribed and paid up share capital** |  |
| 1,00,00,000 Equity Shares of Rs. 10 each | 10,00,00,000 |
| **TOTAL** | 10,00,00,000 |

Subsequent to March 31, 2018, there has been no change in the capital structure of DemergedCompany 1.

* 1. **Demerged Company 2 (SMC Investments and Advisors Limited)**

The share capital structure of Demerged Company 2 as on March 31, 2018is as under:

|  |  |
| --- | --- |
| **Particulars** | **Amount in Rs.** |
| **Authorized share capital** |  |
| 2,70,00,000 Equity Shares of Rs. 10 each | 27,00,00,000 |
| **TOTAL** | 27,00,00,000 |
| **Issued, subscribed and paid up share capital** |  |
| 2,50,00,000Equity Shares of Rs. 10 each | 25,00,00,000 |
| **TOTAL** | 25,00,00,000 |

Subsequent to March 31, 2018 there has been no change in the capital structure of Demerged Company 2.

* 1. **Transferor Company 1 (SMC Finvest Limited)**

The share capital structure of Transferor Company 1as on March 31, 2018is as under:

|  |  |
| --- | --- |
| **Particulars** | **Amount in Rs.** |
| **Authorized share capital** |  |
| 6,00,00,000 Equity Shares of Rs. 10 each | 60,00,00,000 |
| **TOTAL** | 60,00,00,000 |
| **Issued, subscribed and paid up share capital** |  |
| 4,10,00,000 Equity Shares of Rs. 10 each | 41,00,00,000 |
| **TOTAL** | 41,00,00,000 |

Subsequent to March 31, 2018 there has been no change in the capital structure of TransferorCompany 1.

* 1. **Transferor Company 2 (Indunia Realtech Limited)**

The share capital structure of Transferor Company 2 as on March 31, 2018 is as under:

|  |  |
| --- | --- |
| **Particulars** | **Amount in Rs.** |
| **Authorized share capital** |  |
| 25,00,000 Equity Shares of Rs.10 each | 2,50,00,000 |
| **TOTAL** | 2,50,00,000 |
| **Issued, subscribed and paid up share capital** |  |
| 25,00,000 Equity Shares of Rs. 10 each | 2,50,00,000 |
| **TOTAL** | 2,50,00,000 |

Subsequent to March 31, 2018 there has been no change in the capital structure of Transferor Company 2.

* 1. **Transferee Company/ Resulting Company (SMC Global Securities Limited)**

The share capital structure of Transferee Company as on March 31, 2018is as under:

|  |  |
| --- | --- |
| **Particulars** | **Amount in Rs.** |
| **Authorized share capital** |  |
| 16,50,50,000 Equity Shares of Rs. 2 each | 33,01,00,000 |
| **TOTAL** | 33,01,00,000 |
| **Issued, subscribed and paid up share capital** |  |
| 11,31,34,450 Equity Shares of Rs. 2 each | 22,62,68,900 |
| **TOTAL** | 22,62,68,900 |

Subsequent to March 31, 2018 there is no change in the capital structure of Transferee Company / Resulting Company.

**PART – II**

**DEMERGER OF THEDEMERGED UNDERTAKING 1 OF SMC COMTRADE LIMITED (DEMERGED COMPANY 1) AND DEMERGER OF DEMERGED UNDERTAKING 2OF SMC INVESTMENTS AND ADVISORS LIMITED (DEMERGED COMPANY 2) AND VESTING OF THE SAME IN THE RESULTING COMPANY (SMC GLOBAL SECURITIES LIMITED)**

1. **TRANSFER AND VESTING OF PROPERTIES, ASSETS AND LIABILITES** 
   1. Subject to the provisions of the Scheme in relation to modalities of demerger, upon the coming into effect of this Scheme on the Effective Date, and with effect from the Appointed Date, Demerged Undertaking 1 and Demerged Undertaking 2 including undertaking, property, assets, investments, rights, benefits, interest, liabilities and obligations shall by operation of law pursuant to the orders of the Tribunal sanctioning the Scheme, without any further act, deed, matter or thing demerge from Demerged Company 1 and Demerged Company 2 respectively and stand transferred to and vested in and/or deemed to be transferred to and vested in the Resulting Company as a going concern so as to become the properties and liabilities of the Resulting Company within the meaning of Section 2(19AA) of the IT Act.
   2. Without prejudice to the generality of the Clause 4.1 above, upon the coming into effect of thisScheme on the Effective Date and with effect from the Appointed Date:
      1. All immovable property (including land, buildings and any other immovable property) if any, of the Demerged Undertaking 1 and Demerged Undertaking 2, whether freehold or leasehold, and any documents of title, rights and easements in relation thereto shall, without any further act, instrument, deed, matter or thing being made, done or executed, stand transferred and vested in the Resulting Company and shall become the property and an integral part of the Resulting Company.The Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges, and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation/ substitution of the title to and interest in such immovable properties shall be made and duly recorded in the name of the Resulting Company, by the appropriate authorities pursuant to the sanction of the Scheme by the Tribunal and the Scheme becoming effective on the Effective Date in accordance with the terms hereof. The Resulting Company shall subsequent to the vesting order of the Tribunal be entitled to the delivery and possession of all documents of title to such immovable properties.
      2. All the assets of the Demerged Undertaking 1 and Demerged Undertaking 2 as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, shall, without any further act, instrument, deed, matter or thing being made, done or executed, stand transferred and vested in the Resulting Company, and shall become the property and an integral part of the Resulting Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being vested, and the title to such property shall be deemed to have transferred accordingly to the Resulting Company.
      3. Any and all other movable property (except those specified elsewhere in this Clause 4.2.2) including all sundry debtors and receivables, outstanding loans and advances, investments, assets recoverable in cash or in kind or for value to be received, actionable claims, bank balances(including client and exchange settlement accounts) and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons of Demerged Undertaking 1 and Demerged Undertaking 2 shall, without any further act, instrument, deed, matter or thing being made, done or executed, become the property of the Resulting Company.
      4. All incorporeal or intangible property, if any, of Demerged Undertaking 1 and Demerged Undertaking 2 shall, without any further act, instrument, deed, matter or thing being made, done or executed, stand vested in the Resulting Company and shall become the property and an integral part of the Resulting Company.
      5. Any permits, grants, allotments, recommendations, authorizations, entitlements, registrations, no-objection certificates, licenses (including continuation and maintenance of existing registration / member codes), approvals, consents, quotas, rights including but not limited to approvals of SEBI, Stock Exchange(s)Association of Mutual Funds in India (AMFI) and such other authority or body for carrying out activities of commodity broking, clearing services and proprietary trading (arbitrage relating to commodities) trading member (in case of Demerged Undertaking 1) and portfolio manager, mutual fund distributor (in case of Demerged Undertaking 2) if any, to which the Demerged Company 1 in connection to the Demerged Undertaking 1 and Demerged Company 2 in connection to the Demerger Undertaking 2 is a party or to the benefit of which the Demerged Company 1 in connection to the Demerged Undertaking 1 and Demerged Company 2 in connection to the Demerger Undertaking 2 may be entitled or which may be required to carry on the operations of the Demerged Undertaking 1 and Demerged Undertaking 2, and which are subsisting or in effect immediately prior to the Effective Date, shall be, and remain, in full force and effect in favor of or against the Resulting Company and may be enforced as fully and effectually as if, instead of the relevant Demerged Company 1 or Demerged Company 2, the Resulting Company had been a party, a beneficiary or an obligee thereto without any further act, instrument, deed, matter or thing being made, done or executed.
      6. All cheques and other negotiable instruments, payment orders received in the name of the Demerged Company 1 (pertaining to Demerged Undertaking 1) and / or Demerged Company 2 (pertaining to Demerged Undertaking 2) after the Effective Date shall be accepted and honored by the bankers of the Resulting Company and credited to the account of the Resulting Company. Separately, if any payment is received by Demerged Company 1 pertaining to the Demerged Undertaking 1 or Demerged Company 2 pertaining to Demerged Undertaking 2, it will hold it in trust and pass on the same to the Resulting Company.
      7. All USER IDs, Clients and Trading Members (TM), Unique Client Codes (UCC), Clients’ and TMs open positions and all their funds, deposits and margins and collaterals, all Authorised Persons (APs), KYC documents, Connectivity etc. pertaining to the Demerged Undertaking 1 shall stand merged with the Resulting Company
      8. Client details such as KYC, agreements etc. along with all the rights, interest, title in the Assets under management (AUM) maintained under PMS License and Assets under Administration (AUA) along with clients maintained under AMFI registration number (ARN) 65827 pertaining to Demerged Undertaking 2 shall be merged with the Resulting Company.
      9. All letters of intent, memoranda of understanding, memoranda of agreements, contracts, deeds, bonds, agreements, insurance policies, guarantees and indemnities, schemes, arrangements, undertakings and other instruments of whatsoever nature or description, to which the Demerged Company 1 (in relation to the Demerged Undertaking 1) and Demerged Company 2 (in relation to the Demerged Undertaking 2) is a party or to the benefit of which the Demerged Company 1 (in relation to the Demerged Undertaking 1) and Demerged Company 2 (in relation to the Demerged Undertaking 2) may be eligible, shall be in full force and effect against or in favour of the Resulting Company and may be enforced by or against it as fully and effectually as if, instead of the Demerged Company 1and Demerged Company 2,the Resulting Company had been a party or beneficiary or obligee thereto, without any further act, instrument or deed required by the Demerged Company 1and Demerged Company 2 or the Resulting Company.
      10. All rights, entitlements, licenses, applications and registrations relating to copyrights, trademarks, service marks, brand names, logos and other intellectual property rights of every kind and description, if any, whether registered, unregistered or pending registration, and the goodwill arising therefrom, to which the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) is a party or to the benefit of which the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) may be eligible or entitled, shall become the rights, entitlement or property of the Resulting Company and shall be enforceable by or against the Resulting Company, as fully and effectually as if, instead of the Demerged Company 1 and Demerged Company2, the Resulting Company had been a party or beneficiary or obligee thereto or the holder or owner thereof, without any further act, instrument or deed required by the Demerged Company 1 and / or Demerged Company 2 or the Resulting Company.
      11. All lease or license or rent agreements, if any, entered into by the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) with landlords, owners, licensors or lessors in connection with the assets being used by the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2), together with security deposits, shall stand automatically transferred in favour of the Resulting Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The Resulting Company shall continue to pay lease/ rent amounts as provided for in such agreements and shall comply with the other terms, conditions and covenants thereunder and shall also be entitled to refund of security deposits paid under such agreements by the Demerged Company 1 and Demerged Company 2.
      12. All other agreements, if any, entered into by the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) in connection with the assets being used by the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) shall, stand automatically transferred in favour of the Resulting Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed.
      13. All debts, liabilities (including contingent liabilities), guarantees, duties and obligations of every kind, nature and description of the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2), shall be deemed to have been transferred to the Resulting Company and to the extent they are outstanding on the Effective Date shall, without any further act, instrument, deed, matter or thing being made, done or executed, stand transferred to the Resulting Company and shall become the liabilities and obligations of the Resulting Company which shall undertake to meet, discharge and satisfy the same.
      14. Where any of the debt, liabilities (including contingent liabilities), guarantees, duties and obligations of the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) as on the Appointed Date, deemed to be transferred to the Resulting Company have been discharged by the Demerged Company 1 and Demerged Company 2 after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company, and all loans raised and used and all liabilities and obligations incurred by the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) after the Appointed Date and prior to the Effective Date shall 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, instrument, deed, matter or thing being made, done or executed, stand transferred to the Resulting Company and become the liabilities and obligations of the Resulting Company, which shall undertake to meet, discharge and satisfy the same and 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 loans and liabilities have arisen in order to give effect to the provisions of this sub-clause.
      15. All the employees of the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2), if any in service on the Effective Date shall be deemed to have become employees of the Resulting Company with effect from the Appointed Date without any break, discontinuance or interruption in their service on the basis of continuity of service without any further act, instrument, deed, matter or thing being made, done or executed. The terms and conditions of their employment with the Resulting Company shall not be less favorable than those applicable to them with reference to the Demerged Company 1 and Demerged Company 2 on the Effective Date.

The Resulting Company further agrees that for the purpose of payment of any retirement benefit/ compensation, such uninterrupted past services with the Demerged Company 1 and / or Demerged Company 2 shall also be taken into account. Further, upon the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any prosecution or disciplinary action initiated, pending or contemplated against and any penalty imposed in this regard on any employee by the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) shall be continued/continue to operate against the relevant employee and shall be enforced effectively by the Resulting Company.

With regard to provident fund, gratuity fund, superannuation fund or any other special fund or obligation created or existing for the benefit of such employees of the Demerged Company 1 and Demerged Company 2, upon occurrence of the Effective Date and with effect from the Appointed Date, of which the employees relating to the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) are members or beneficiaries, along with all accumulated contributions therein till the Effective Date, upon the Scheme becoming effective, shall, with the approval of the concerned authorities, if required, be transferred to and continued to be administered by Resulting Company for the benefit of such employees on the same terms and conditions. Accordingly, the provident fund, superannuation fund and gratuity fund dues, if any, of the said employees of the Demerged Company 1 and Demerged Company 2 would be continued to be deposited in the transferred provident fund, superannuation fund and gratuity fund account by the Resulting Company. Further, upon occurrence of the Effective Date and with effect from the Appointed Date, the Resulting Company shall stand substituted for the Demerged Company 1 and Demerged Company 2, for all purposes whatsoever relating to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds. It is clarified that the services of the employees of the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) will be treated as having been continuous for the purpose of the said fund or funds.

* + 1. All the taxes of any nature, duties, cess or any other deduction or any other like payment made by Demerged Company 1 and Demerged Company 2 to any statutory authorities such as income tax, advance tax, tax paid under Minimum Alternative Tax provisions, Goods and Service tax, excise duty, sales tax, value added tax, service tax etc. or any tax deduction/ collection at source, credits (including CENVAT credit), etc., if any, in relation to the Demerged Undertaking 1 and Demerged Undertaking 2 respectively shall be deemed to have been on account of or on behalf of or paid by the Resulting Company, without any further act, instrument, deed, matter or thing being made, done or executed, and the Resulting Company shall be entitled to claim credit for such taxes deducted (at source)/ paid against its tax/ duty liabilities/ minimum alternative tax credit, service tax, value added tax liability etc., upon the Scheme becoming effective, notwithstanding that the certificates/challans or other documents for payment of such taxes/duties are in the name of the Demerged Company 1 and Demerged Company 2, as the case may be.Further, upon the coming into effect of this scheme, all tax compliances under the applicable tax laws by the Demerged Undertaking 1 and Demerged Undertaking 2 on or after Appointed Date shall be deemed to be made by the Resulting Company.
    2. All the deductions otherwise admissible to the Demerged Undertaking 1 and Demerged Undertaking 2 including payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source (such as section 43B, section 40, Section 40A etc. of the IT Act) will be eligible for deduction to Resulting Company, upon fulfillment of conditions, if any, required under the IT Act. Any refund, under the IT Act, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws, goods and service tax laws, or other applicable laws, regulations dealing with taxes, duties, land levies, levies due to the Demerged Undertaking 1 and Demerged Undertaking 2 consequent to the assessment made on the demerged Company 1 and Demerged Company 2 (including any refund for which no credit is taken in the books of accounts of the Demerged Company 1 and Demerged Company 2 as on the Appointed Date) shall belong to and be received by the Resulting Company without any further act, instrument, deed, matter or thing being made, done or executed, become the property of the Resulting Company.
    3. All legal, tax, quasi-judicial, administrative, regulatory or other proceedings of whatsoever nature by or against the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) pending and/or arising on or after the Appointed Date shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Resulting Company in the manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company 1 and Demerged Company 2 without any further act, instrument, deed, matter or thing being made, done or executed. The Resulting Companywill have all legal or other proceedings initiated by or against the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) referred to in this sub-clause, transferred in its name and to have the same continued, prosecuted and enforced by or against the Resulting Company, to the exclusion of the Demerged Company 1 and Demerged Company 2.
  1. The Resulting Company may, at any time after the coming into effect of the Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds, writings, confirmations or notices with, or in favour of, any other party to any contract or arrangement to which the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) are a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of the Scheme.

1. **CONDUCT OF BUSINESS UNTILTHE EFFECTIVE DATE**

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

* 1. The Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) undertake to preserve and carry on the business, with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber or otherwise deal with or dispose of any of its properties, assets and liabilities or any part thereof save and except in each case:
  2. if the same is in its ordinary course of business; or
  3. if the same is expressly permitted by this Scheme; or
  4. If the prior written consent of the Board of Directors of the Resulting Companyand the Demerged Company 1 and Demerged Company 2 (as the case may be) has been obtained.
  5. The Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) shall carry on and be deemed to have been carrying on all the business and activities and shall hold and stand possessed of and shall be deemed to have held and stood possessed of all the contracts, liabilities, property, assets, the benefit and obligations thereof or thereunder for and on behalf of and in trust for the Resulting Company.
  6. All profits/benefits accruing to the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2) and all taxes thereof or losses and/ or interest arising or incurred by it shall, for all purposes, be treated as the profits, benefits, taxes or losses and/ or interest, as the case may be, of the Resulting Company.
  7. All accretions and depletions in relation to the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2)shall be for and on account of the Resulting Company.
  8. Any of the rights, powers, authorities, privileges, attached, related or pertaining to or exercised by the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2)shall be deemed to have been exercised by the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2)for and on behalf of, and in trust for the Resulting Company. Similarly, any of the obligations, duties, commitments attached, related or pertaining to the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2)that have been undertaken or discharged by the Demerged Company 1 (in relation to Demerged Undertaking 1) and Demerged Company 2 (in relation to Demerged Undertaking 2), shall be deemed to have been undertaken for and on behalf of and in trust for the Resulting Company.

### **PART – III**

**AMALGAMATION OF THE TRANSFEROR COMPANY 1 (SMC FINVEST LIMITED) AND TRANSFEROR COMPANY 2 (INDUNIA REALTECH LIMITED) WITH THE TRANSFEREE COMPANY (SMC GLOBAL SECURITIES LIMITED)**

1. **TRANSFER AND VESTING OF PROPERTIES, ASSETS AND LIABILITES** 
   1. Subject to the provisions of the Scheme in relation to modalities of amalgamation, upon the coming into effect of this Scheme on the Effective Date, and with effect from the Appointed Date, the entire business and the whole of the undertaking, property, assets, investments, rights, benefits, interest, liabilities and obligations of Transferor Company 1 and Transferor Company 2 shall by operation of law pursuant to the orders of the Tribunals sanctioning the Scheme, without any further act, deed, matter or thing, stand transferred and vested in and/or deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the properties and liabilities of the Transferee Company within the meaning of Section 2(1B) of the IT Act.
   2. Without prejudice to the generality of the Clause 6.1 above, upon the coming into effect of this Scheme on the Effective Date and with effect from the Appointed Date:
      1. All immovable property (including land, buildings and any other immovable property) if any, of the Transferor Company 1 and Transferor Company 2, whether freehold or leasehold, and any documents of title, rights and easements in relation thereto shall, without any further act, instrument, deed, matter or thing being made, done or executed, stand vested in the Transferee Company and shall become the property and an integral part of the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges, and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation/ substitution of the title to and interest in such immovable properties shall be made and duly recorded in the name of the Transferee Company, by the appropriate authorities pursuant to the sanction of the Scheme by the Tribunal and the Scheme becoming effective on the Effective Date in accordance with the terms hereof. The Transferee Company shall subsequent to the vesting order of the Tribunal be entitled to the delivery and possession of all documents of title to such immovable properties.
      2. All the assets of the Transferor Company 1 and / or the Transferor Company 2, as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, shall, without any further act, instrument, deed, matter or thing being made, done or executed, stand vested in the Transferee Company, and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being vested, and the title to such property shall be deemed to have transferred accordingly to the Transferee Company.
      3. Any and all other movable property (except those specified elsewhere in this Clause 6.2.2) including all sundry debtors and receivables, outstanding loans and advances, investments, assets recoverable in cash or in kind or for value to be received, actionable claims, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons of the Transferor Company 1 and / or Transferor Company 2 shall, without any further act, instrument, deed, matter or thing being made, done or executed, become the property of the Transferee Company.
      4. All incorporeal or intangible property, if any, of the Transferor Company 1 and / or Transferor Company 2 shall, without any further act, instrument, deed, matter or thing being made, done or executed, stand vested in the Transferee Company and shall become the property and an integral part of the Transferee Company.
      5. Any permits, grants, allotments, recommendations, approvals, consents, quotas, rights, authorizations, entitlements, registrations, no-objection certificates and licenses, if any, to which the Transferor Company 1 or Transferor Company 2 is a party or to the benefit of which the Transferor Company 1 or Transferor Company 2 may be entitled or which may be required to carry on the operations of the Transferor Company, and which are subsisting or in effect immediately prior to the Effective Date, shall be, and remain, in full force and effect in favour of or against the Transferee Company and may be enforced as fully and effectually as if, instead of the relevant Transferor Company, the Transferee Company had been a party, a beneficiary or an obligee thereto without any further act, instrument, deed, matter or thing being made, done or executed.
      6. All cheques and other negotiable instruments, payment orders received in the name of the Transferor Company 1 and / or Transferor Company 2 after the Effective Date shall be accepted and honored by the bankers of the Transferee Company and credited to the account of the Transferee Company.
      7. All letters of intent, memoranda of understanding, memoranda of agreements, contracts, deeds, bonds, agreements, insurance policies, guarantees and indemnities, schemes, arrangements, undertakings and other instruments of whatsoever nature or description, to which the Transferor Company 1 or Transferor Company 2 is a party or to the benefit of which the Transferor Company 1 or Transferor Company 2 may be eligible, shall be in full force and effect against or in favour of the Transferee Company and may be enforced by or against it as fully and effectually as if, instead of the Transferor Company 1 or Transferor Company 2, the Transferee Company had been a party or beneficiary or obligee thereto, without any further act, instrument or deed required by the Transferor Company 1 or Transferor Company 2 or the Transferee Company.
      8. All rights, entitlements, licenses, applications and registrations relating to copyrights, trademarks, service marks, brand names, logos and other intellectual property rights of every kind and description, if any, whether registered, unregistered or pending registration, and the goodwill arising therefrom, to which the Transferor Company 1 or Transferor Company 2 is a party or to the benefit of which the Transferor Company 1 or Transferor Company 2 may be eligible or entitled, shall become the rights, entitlement or property of the Transferee Company and shall be enforceable by or against the Transferee Company, as fully and effectually as if, instead of the relevant Transferor Company 1 or Transferor Company 2, the Transferee Company had been a party or beneficiary or obligee thereto or the holder or owner thereof, without any further act, instrument or deed required by the Transferor Company 1 or Transferor Company 2 or the Transferee Company.
      9. All lease or license or rent agreements, if any, entered into by the Transferor Company 1 or Transferor Company 2 with landlords, owners, licensors or lessors in connection with the assets being used by the Transferor Company 1 or Transferor Company 2, together with security deposits, shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The Transferee Company shall continue to pay lease/ rent amounts as provided for in such agreements and shall comply with the other terms, conditions and covenants thereunder and shall also be entitled to refund of security deposits paid under such agreements by the Transferor Company 1 or Transferor Company 2.
      10. All other agreements, if any, entered into by the Transferor Company 1 or Transferor Company 2 in connection with the assets being used by the Transferor Company 1 or Transferor Company 2 shall, stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed.
      11. All debts, liabilities (including contingent liabilities), guarantees, duties and obligations of every kind, nature and description of the Transferor Company 1 or Transferor Company 2, shall be deemed to have been transferred to the Transferee Company and to the extent they are outstanding on the Effective Date shall, without any further act, instrument, deed, matter or thing being made, done or executed, stand transferred to the Transferee Company and shall become the liabilities and obligations of the Transferee Company which shall undertake to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person, who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.
      12. Where any of the debt, liabilities (including contingent liabilities), guarantees, duties and obligations of the Transferor Company 1 or Transferor Company 2 as on the Appointed Date, deemed to be transferred to the Transferee Company have been discharged by the Transferor Company 1 or Transferor Company 2 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, and all loans raised and used and all liabilities and obligations incurred by the Transferor Company 1 or Transferor Company 2 after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date shall also, without any further act, instrument, deed, matter or thing being made, done or executed, stand transferred to the Transferee Company and become the liabilities and obligations of the Transferee Company, which shall undertake to meet, discharge and satisfy the same and 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 loans and liabilities have arisen in order to give effect to the provisions of this sub-clause.
      13. All the employees of the Transferor Company 1 or Transferor Company 2, if any in service on the Effective Date shall be deemed to have become employees of the Transferee Company with effect from the Appointed Date without any break, discontinuance or interruption in their service on the basis of continuity of service without any further act, instrument, deed, matter or thing being made, done or executed. The terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to their respective Transferor Company on the Effective Date. The Transferee Company further agrees for the purpose of payment of any retirement benefit/ compensation, such uninterrupted past services with the relevant Transferor Company shall also be taken into account. Further, upon the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any prosecution or disciplinary action initiated, pending or contemplated against and any penalty imposed in this regard on any employee by the Transferor Company1 or Transferor Company 2 shall be continued/continue to operate against the relevant employee and shall be enforced effectively by the Transferee Company.
      14. The Transferee Company further agrees that for the purpose of payment of any retirement benefit/ compensation, such uninterrupted past services with the Transferor Company 1 and / or Transferor Company 2 shall also be taken into account. Further, upon the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any prosecution or disciplinary action initiated, pending or contemplated against and any penalty imposed in this regard on any employee by the Transferor Company 1 and Transferor Company 2 shall be continued/continue to operate against the relevant employee and shall be enforced effectively by the Transferee Company.

With regard to provident fund, gratuity fund, superannuation fund or any other special fund or obligation created or existing for the benefit of such employees of the Transferor Company1 or Transferor Company 2, upon occurrence of the Effective Date and with effect from the Appointed Date, of which the employees relating to the Transferor Company 1 or Transferor Company 2 are members or beneficiaries, along with all accumulated contributions therein till the Effective Date, upon the Scheme becoming effective, shall, with the approval of the concerned authorities, if required, be transferred to and continued to be administered by Transferee Company for the benefit of such employees on the same terms and conditions. Accordingly, the provident fund, superannuation fund and gratuity fund dues, if any, of the said employees of the Transferor Company1 or Transferor Company 2 would be continued to be deposited in the transferred provident fund, superannuation fund and gratuity fund account by the Transferee Company. Further, upon occurrence of the Effective Date and with effect from the Appointed Date, the Transferee Company shall stand substituted for the relevant Transferor Company1 or Transferor Company 2, for all purposes whatsoever relating to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds. It is clarified that the services of the employees of the Transferor Company 1 or Transferor Company 2 will be treated as having been continuous for the purpose of the said fund or funds.

* + 1. All the taxes of any nature, duties, cess or any other deduction or any other like payment made by each of the Transferor Company 1 or Transferor Company 2 to any statutory authorities such as income tax, advance tax, tax paid under Minimum Alternative Tax provisions, Goods and Service tax, excise duty, sales tax, value added tax, service tax etc. or any tax deduction/ collection at source, credits (including CENVAT credit), etc., if any, of the Transferor Company 1 or Transferor Company 2shall be deemed to have been on account of or on behalf of or paid by the Transferee Company, without any further act, instrument, deed, matter or thing being made, done or executed, and the Transferee Company shall be entitled to claim credit for such taxes deducted (at source)/ paid against its tax/ duty liabilities/ minimum alternative tax credit, service tax, value added tax liability etc., upon the Scheme becoming effective, notwithstanding that the certificates/challans or other documents for payment of such taxes/duties are in the name of the Transferor Company1 or Transferor Company 2, as the case may be.Further, upon the coming into effect of this scheme, all tax compliances under the applicable tax laws by the Transferor Company 1 or Transferor Company 2 on or after Appointed Date shall be deemed to be made by the Transferee Company.
    2. All the deductions otherwise admissible to the Transferor Company 1 or Transferor Company 2 including payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source (such as section 43B, section 40, Section 40A etc. of the IT Act) will be eligible for deduction to Transferee Company, upon fulfillment of conditions, if any, required under the IT Act. Any refund, under the IT Act, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws, goods and service tax laws, or other applicable laws, regulations dealing with taxes, duties, land levies, levies due to the Transferor Company 1 or Transferor Company 2 consequent to the assessment made on the Transferor Company 1 or Transferor Company 2 (including any refund for which no credit is taken in the books of accounts of the Transferor Company 1 or Transferor Company 2 as on the Appointed Date) shall belong to and be received by the Transferee Company without any further act, instrument, deed, matter or thing being made, done or executed, become the property of the Transferee Company.
    3. All legal, tax, quasi-judicial, administrative, regulatory or other proceedings of whatsoever nature by or against the Transferor Company1 or Transferor Company 2 pending and/or arising on or after the Appointed Date shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Transferee Company in the manner and to the same extent as would or might have been continued and enforced by or against the relevant Transferor Company1 or Transferor Company 2without any further act, instrument, deed, matter or thing being made, done or executed. The Transferee Company will have all legal or other proceedings initiated by or against the Transferor Company1 or Transferor Company 2 referred to in this sub-clause, transferred in its name and to have the same continued, prosecuted and enforced by or against the Transferee Company, to the exclusion of the relevant Transferor Company
  1. The Transferor Company 1 or Transferor Company 2 may, at any time after the coming into effect of the Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds, writings, confirmations or notices with, or in favour of, any other party to any contract or arrangement to which the Transferee Company are a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of the Scheme.

1. **CONDUCT OF BUSINESS UNTILTHE EFFECTIVE DATE**

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

* 1. TheTransferor Company 1 and Transferor Company 2 undertake to preserve and carry on the business, with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber or otherwise deal with or dispose of any of its properties, assets and liabilities or any part thereof save and except in each case:
  2. if the same is in its ordinary course of business; or
  3. if the same is expressly permitted by this Scheme; or
  4. If the prior written consent of the Board of Directors of the Transferor Company1 or Transferor Company 2 (as applicable) and Transferee Company has been obtained.
  5. The Transferor Company1 and Transferor Company 2 shall carry on and be deemed to have been carrying on all the business and activities and shall hold and stand possessed of and shall be deemed to have held and stood possessed of all the contracts, liabilities or property or assets or the benefit or obligations thereof or thereunder for and on behalf of and in trust for the Transferee Company.
  6. All profits/benefits accruing to the Transferor Company1 and Transferor Company 2and all taxes thereof or losses and/ or interest arising or incurred by it shall, for all purposes, be treated as the profits, benefits, taxes or losses and/ or interest, as the case may be, of the Transferee Company.
  7. All accretions and depletions in relation to the Transferor Company1 or Transferor Company 2 shall be for and on account of the Transferee Company.
  8. Any of the rights, powers, authorities, privileges, attached, related or pertaining to or exercised by the Transferor Company1 or Transferor Company 2 shall be deemed to have been exercised by the Transferor Company 1 or Transferor Company 2 for and on behalf of, and in trust for the Transferee Company. Similarly, any of the obligations, duties, commitments attached, related or pertaining to the Transferor Company 1 or Transferor Company 2 that have been undertaken or discharged by the Transferor Company 1 or Transferor Company 2, shall be deemed to have been undertaken for and on behalf of and in trust for the Transferee Company.

**PART IV**

**CONSIDERATION,ACCOUNTING TREATMENT AND OTHER MATTERS**

1. **CONSIDERATION**

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* 1. The Resulting Company / Transferee Company owns the entire (100%) equity share capital of the Demerged Company 1, Demerged Company 2, Transferor Company 1 and Transferor Company 2 and hence no shares shall be issued by the Resulting / Transferee Company pursuant to demerger / merger.
  2. Upon this scheme becoming effective, the investment in shares of the Transferor Company 1 and Transferor Company 2, as appearing in the books of accounts of the Transferee Company shall, without any further act or deed, will stand cancelled.
  3. The shares or the share certificates of the Transferor Company 1 and Transferor Company 2 in relation to the shares held by its members shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and be of no effect on and from the Effective Date without any necessity of them being surrendered to the Resulting Company/ Transferee Company.

1. **ACCOUNTING TREATMENT**
   1. Upon coming into effect of this Scheme, the Demerger of Demerged Company 1 and Demerged Company2 and Merger of the Transferor Company 1 and Transferor Company 2 with the Resulting Company/ Transferee Company shall be accounted for in the books of Demerged Company 1, Demerged Company 2 and Resulting Company/ Transferee Company in accordance with the applicable accounting standard prescribed under Section 133 of the 2013 Act and / or as per generally accepted accounting principles -
   2. **In the books of Resulting Company/ Transferee Company –**
   3. **With respect to the demerger under Part II-**
      1. Upon coming into effect of this Scheme and with effect from the Appointed Date, the Resulting Company shall record all the assets, liabilities, free reserves and balance in profit and loss account, pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2, transferred to and vested in it pursuant to this Scheme, at the same values as appearing in the books of the Demerged Company 1 and Demerged Company 2 respectively, as on the Appointed Date.
      2. The value of the investments in the Demerged Company 1 and Demerged Company 2 appearing in the books of the Resulting Company shall be reduced proportionately (to record part of the consideration for the acquisition that is returned by the subsidiary company by way of transfer of undertaking pursuant to the demerger).
      3. The difference, if any, of value of assets over the value of liabilities, free reservesand balance in profit and loss account acquired as part of the Demerged Undertaking 1 and Demerged Undertaking 2 and as reduced by the reduction in the value of investments as per Clause 9.3.2 above, if any, shall be adjusted / credited to Capital Reserve by the Resulting Company.
   4. **With respect to the merger under Part III -** 
      1. Upon coming into effect of this Scheme, the Transferee Company with effect from the appointed date, shall record all the assets,liabilities, reserves and balance in profit and loss account of Transferor Company 1 and Transferor Company 2 vested in it pursuant to this Scheme, at their respective book values as appearing in the books of accounts on the Appointed date.
      2. The investment in the equity share capital of Transferor Company 1 and Transferor Company 2 as appearing in the books of accounts of the Transferee Company, shall stand cancelled.
      3. The loans, advances, payables or receivables of any kind, between the Transferor Company 1 and / or the Transferor Company 2 and / or the Transferee Company, if any, as appearing in their respective book of accounts as on the Appointed Date shall stand cancelled.
      4. The difference between the book value of assets, liabilities,reserves and balance in profit and loss account under Clause 9.4..1 above and after considering the cancellation of the Investments in the equity shares of Transferor Company 1 and Transferor Company 2 as per Clause 9.4.2 above and the cancellation of inter-se loan/advances payable or receivable, if any, as per Clause 9.4.3 above, shall be credited / adjusted to the Capital Reserve of the Transferee Company.
   5. **In the books of the Demerged Company 1** –
      1. The book values of the assets, liabilities, free reserves and balance in profit and loss account pertaining to Demerged Undertaking 1 transferred by Demerged Company 1 to the Resulting Company shall be reduced from the book values of the assets, liabilities, free reserves and balance in the profit and loss account appearing in the books of Demerged Company 1 as on the Appointed Date;
      2. The amount of difference, if any between the book value of assets, liabilities, free reservesand balance in the profit and loss account of the Demerged Undertaking 1 transferred to the Resulting Company, shall be adjusted against the following as appearing in the books of accounts of the Demerged Company 1 as on the Appointed date (in order of priority) –

Securities Premium Account

General Reserve Account

Surplus in Profit and Loss Account

Share Capital account

* 1. **In the books of the Demerged Company 2** –
     1. The book values of the assets, liabilities, free reservesand balance in profit and loss account pertaining to Demerged Undertaking 2 transferred by Demerged Company 2 to the Resulting Company as on the Appointed Date shall be reduced from the book values of the assets, liabilities, free reservesand balance in profit and loss account appearing in the books of Demerged Company 2;
     2. The existing accumulated losses of the remaining business of Demerged Company 2 as appearing in the books of Demerged Company 2, if any, on the Appointed Date and the amount of difference, if any between the book value of assets, liabilities, free reserves and balance in profit and loss account of the Demerged Undertaking 2 transferred to the Resulting Company, shall be adjusted against the following as appearing in the books of the Demerged Undertaking 2 as on the Appointed Date (in order of priority) –
     + Securities Premium Account
     + Share Capital Account

1. **REORGANISATIONOF AUTHORISED SHARE CAPITAL OF TRANSFEREE COMPANY** 
   1. Upon the coming into effect of this Scheme, the Authorized Share Capital of the Transferee Company shall stand increased without any further act, deed or thing on the part of the Transferee Company including payment of stamp duty and fees under the 2013 Act, by including the authorized share capital of theTransferor Company 1 amounting to Rs**.600,000,000**/- constituting of **60,000,000** Equity Shares of Rs. 10/- each and Transferor Company 2 amounting to Rs. **25,000,000**constituting of **2,500,000** Equity Shares of Rs. 10/- each.

The existing authorized share capital of Transferor Company 1, Transferor Company 2 and the Transferee Company are as follows –

**Transferor Company 1**

|  |  |  |
| --- | --- | --- |
| **Sr no.** | **Authorized Share Capital** | **Amount in Rs.** |
| 1 | 6,00,00,000 Equity Shares of Rs. 10 each | 60,00,00,000 |
|  | **Total** | 60,00,00,000 |

**Transferor Company 2**

|  |  |  |
| --- | --- | --- |
| **Sr no.** | **Authorized Share Capital** | **Amount in Rs.** |
| 1 | 25,00,000 Equity Shares of Rs. 10 each | 2,50,00,000 |
|  | **Total** | 2,50,00,000 |

**Transferee Company**

|  |  |  |
| --- | --- | --- |
| **Sr no.** | **Authorized Share Capital** | **Amount in Rs.** |
| 1 | 16,50,50,000 Equity Shares of Rs. 2 each | 33,01,00,000 |
|  | **Total** | 33,01,00,000 |

* 1. Consequently, sub clause (a) of Clause Vof the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and shall stand altered, modified and amended pursuant to Sections 13, 14, 61,64of 2013 Act and any other applicable provisions of the 2013 Act, as the case may be in the manner set out below and be replaced by the following clause:

“The authorized share capital of the Company is Rs. 95,51,00,000(Rs. Ninety Fivecrores and Fifty One lakh only) divided into 47,75,50,000(Fourty Seven croreSeventy five lakhs Fifty thousandonly)Equity Shares of Rs 2/- (RupeesTwo each)(as shown below –

|  |  |  |
| --- | --- | --- |
| **Sr no.** | **Authorized Share Capital** | **Amount in Rs.** |
| 1 | 47,75,50,000 Equity Shares of Rs. 2 each | 95,51,00,000 |
|  | **Total** | 95,51,00,000 |

* 1. The approval of this Scheme by the shareholders of theTransferee Company shall be deemed to be the approval for increase in the authorized share capital of theTransferee Company by including the authorizedshare capital of the Transferor Company 1 and Transferor Company 2 as per above clauses, as per the applicable provisions of the 2013 Act and any other consents and approvals required thereto. However, the Transferee Company will take necessary steps and shall file the necessary documents/intimations as required under the 2013 Act with the Registrar of Companies of New Delhi or any other applicable authority to record the change in the authorized share capital.

1. **REDUCTION OF THE SECURITIES PREMIUM AND SHARE CAPITAL ACCOUNT OF THE DEMERGED COMPANY 1 AND DEMERGED COMPANY 2**
2. The reduction under clause 9.5.2 and clause 9.6.2 in the Securities Premium and Share Capital Account of Demerged Company 1 and Demerged Company 2 respectively shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 66 read with Section 52 of the 2013 Act and the order of the Tribunal, as the case may be, as applicable sanctioning the Scheme shall be deemed to be also the order under Section 66 read with Section 52 of the 2013 Act for the purpose of confirming the reduction. The approval granted by the shareholders of Demerged Company 1 and Demerged Company 2 to the Scheme shall be deemed to be the approval for the purpose of Section 66 and other relevant provisions of the Act. Demerged Company 1 and Demerged Company 2 shall not be obliged or required to call for a separate meeting of its shareholders/ creditors for obtaining their approval for sanctioning the reduction in capital reserves. The reduction does not involve either a diminution of liability in respect of unpaid share capital or payment of paid up share capital under the provisions of Section 66 of the Act.
3. Notwithstanding the reduction as mentioned above, Demerged Company 1 and Demerged Company 2 shall not be required to add words "and reduced" as suffix to its name and Demerged Company 1 and Demerged Company 2 shall continue in its existing name.

**PART V**

**GENERAL TERMS AND CONDITIONS**

1. **APPLICATION TO THE TRIBUNAL**

The Demerged Company 1, Demerged Company 2,Transferor Company 1 and Transferor Company 2 and the Resulting Company/Transferee Company shall make applications/petitions under Sections 230-232of the 2013 Act and/or other applicable provisions of the 2013 Act to the Tribunal, for sanction of this Scheme and for dissolution of the Transferor Company 1 and Transferor Company 2, without winding-up under the provisions of law.

1. **MODIFICATIONS/AMENDMENTS TO THE SCHEME**
2. Subject to approval of Tribunal, Demerged Company 1, Demerged Company 2, Transferor Company 1 and Transferor Company 2 and the Resulting Company / Transferee Companythrough their respective Board of Directors may jointly modify/amend or may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the Tribunal may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors).
3. The Demerged Company 1, Demerged Company 2, Transferor Company 1, Transferor Company 2 and the Resulting Company/Transferee Company by their respective Board of Directors be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.
4. **CONDITIONALITY OF THE SCHEME**

This Scheme is and shall be conditional upon and subject to:

1. The sanction of this Scheme by the Tribunal under Section 230- 232 of the 2013 Act and/or other applicable provisions of the 2013 Act in favor of the Demerged Company 1, Demerged Company 2, Transferor Company 1, Transferor Company 2 and the Resulting Company/Transferee Company.
2. The authenticated certified copies of the order of the Tribunal sanctioning this Scheme being filed with the Registrar of Companies, New Delhi and Mumbai;
3. The requisite consent, approval or permission, if required, of the Securities and Exchange Board of India or any other statutory or regulatory authority, which by law may be necessary for transfer of shares of SMC Comex International DMCC by SMC Comtrade Limited to SMC Global Securities Limited pursuant to demerger of the Demerged Undertaking 1;
4. The requisite consent, approval or permission, if required, of the Insurance Regulatory and Development Authority of India or any other statutory or regulatory authority, which by law may be necessary for transfer of shares of SMC Insurance Brokers Private Limited by SMC Comtrade Limited to SMC Global Securities Limited pursuant to demerger of Demerged Undertaking 1;
5. The requisite consent, approval or permission, if required, of the Securities and Exchange Board of India or any other statutory or regulatory authority, which by law may be necessary for transfer of business of portfolio management of SMC Investments Limited pursuant to demerger of Demerged Undertaking 2;
6. All other sanctions and orders as are legally necessary or required in respect of this Scheme being obtained.
7. **EFFECT OF NON-RECEIPT OF APPROVALS**

In the event of Part II or Part III of the Scheme, or any part thereof, of the Schemenot being sanctioned by the Tribunal or such other competent authority, the part not sanctioned shall stand revoked, cancelled and be of no effect, save and except in respect of any further act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided for in the Scheme or as may otherwise arise in law.

If any provision of this Scheme is ruled invalid or illegal by the Tribunal, or unenforceable under present or future laws, then it is the intention of the parties to this Scheme that such portion shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such portion shall cause this Scheme to become materially adverse to any party, in which case the parties, through their respective board of directors may either decide to revoke the Scheme or may attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such portion.

1. **WINDING UP**

On the Scheme becoming effective, the Transferor Company 1 and Transferor Company 2 shall stand dissolved without being wound up.

1. **SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of the assets, properties, liabilities and obligations pertaining /relating to theDemerged Company 1 (in relation to Demerged Undertaking 1), Demerged Company 2 (in relation to Demerged Undertaking 2), Transferor Company 1 and Transferor Company 2, pursuant to this Scheme, and the continuance of the proceedings by or against theResulting / Transferee Company, under Clause 4 or clause 6,as the case may be,hereof shall not affect any transactions or proceedings already concluded by theDemerged Company 1 (in relation to Demerged Undertaking 1), Demerged Company 2 (in relation to Demerged Undertaking 2), Transferor Company1 and Transferor Company 2 on or after the Appointed Date until the Effective Date to the end and intent that theResulting Company/ Transferee Company accepts all acts, deeds and things done and executed by and/ or on behalf of the Demerged Company 1 (in relation to Demerged Undertaking 1), Demerged Company 2 (in relation to Demerged Undertaking 2), Transferor Company 1 and Transferor Company 2, as acts, deeds and things done and executed by and on behalf of theResulting Company/ Transferee Company.

1. **FILING/ AMENDMENT OF RETURNS, ETC.**
2. TheResulting Company/Transferee Company is expressly permitted to file/revise/reopen its financial statements (including their balance sheet and profit and loss statement) and income tax, wealth tax, excise duty, service tax, value added tax, minimum alternate tax, Goods and Service tax and other statutory returns, if any, consequent to the Scheme becoming effective, notwithstanding that the period for filing/ revising such statements/returns may have lapsed, in order to give full effect to the Scheme, without requiring/ seeking any additional consent or approval under any applicable laws/rules and regulations. TheResulting Company / Transferee Company is expressly permitted to amend tax deduction at source and other statutory certificates and shall have the right to claim refunds, advance tax credits, minimum alternate tax, set offs and adjustments relating to its incomes/ transactions from the Appointed Date.
3. It is specifically declared that the taxes/ duties paid by the Demerged Company 1 (in relation to Demerged Undertaking 1),Demerged Company 2 (in relation to Demerged Undertaking 2), Transferor Company 1 and Transferor Company 2 shall be deemed to be the taxes/ duties paid by theResulting Company /Transferee Company, and theResulting Company / Transferee Company shall be entitled to claim credit for such taxes deducted/ paid against its tax/ duty liabilities notwithstanding that the certificates/ challans or other documents for payment of such taxes/duties are in the name of the Demerged Company 1, Demerged Company 2, Transferor Company 1 and Transferor Company 2.
4. **COSTS, CHARGES AND EXPENSES**

On sanction and approval of the Scheme by Tribunal, all costs, charges, taxes including duties, levies and all other expenses, of the Demerged Company 1, Demerged Company 2, Transferor Company 1, Transferor Company 2 and the Resulting Company/Transferee Company arising out of or incurred in connection with carrying out and implementing this Scheme and matters incidental thereto shall be borne by the Resulting Company/Transferee Company.

1. **COMPLIANCE WITH LAWS**
   * + 1. **COMPLIANCE WITH RESPECT TO DEMERGER**
          1. This Scheme is presented and drawn up to comply with the provisions / requirements of sections 230 to 232 of the Companies Act, 2013 for the purpose of demerger of Demerged Company 1 and Demerged Company 2 with the Resulting Company.
     1. This Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under the tax laws, including section 2(19AA) and other relevant sections of the Income tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the Income tax Act, 1961 shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other clauses of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors or any person authorized by the Board of Directors in this regard of Demerged Company 1, Demerged Company 2 and Resulting Company, which power shall be exercised reasonably in the best interests of the companies concerned and their stakeholders
     2. Upon the Scheme becoming effective, the Resulting Company is expressly permitted to revise its financial statements if required.

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* 1. **COMPLIANCE WITH RESPECT TO MERGER**
     1. This Scheme is presented and drawn up to comply with the provisions / requirements of sections 230 to 232 of the Companies Act, 2013 for the purpose of amalgamation of the Transferor Company 1 and Transferor Company 2 with the Transferee Company.
     2. This Scheme has been drawn up to comply with the conditions relating to “amalgamation” as specified under the tax laws, including section 2(1B) and other relevant sections of the Income tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the Income tax Act, 1961 shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other clauses of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors or any person authorized by the Board of Directors in this regard of Transferor Company 1, Transferor Company 2 and Transferee Company, which power shall be exercised reasonably in the best interests of the companies concerned and their stakeholders.
     3. Upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise its financial statements if required.