

SCHEME OF AMALGAMATION

UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956

AMONGST

HBL GLOBAL PRIVATE LIMITED ... TRANSFEROR COMPANY NO. 1

AND

**ATLAS DOCUMENTARY FACILITATORS
COMPANY PRIVATE LIMITED ... TRANSFEROR COMPANY NO. 2**

AND

HDB FINANCIAL SERVICES LIMITED ... TRANSFEREE COMPANY

AND

THEIR RESPECTIVE SHAREHOLDERS & CREDITORS

1. PURPOSE OF THE SCHEME OF AMALGAMATION ("SCHEME")

This Scheme of Amalgamation is presented under Sections 391 to 394 of the Companies Act, 1956, as amended and the corresponding provisions of Companies Act, 2013, upon their notification (including any statutory modifications or reenactments thereof) for amalgamation of HBL Global Private Limited ("**Transferor Company No. 1**" or "**HBL**") and Atlas Documentary Facilitators Company Private Limited ("**Transferor Company No. 2**" or "**ADFC**", collectively "**the Transferor Companies**") with HDB Financial Services Limited ("**the Transferee Company**" or "**HDB**").

2. RATIONALE OF THE SCHEME

- a. Transferor Company No. 1 is a subsidiary of Transferor Company No. 2 and provides specialized services relating to marketing and promotion of the various financial products of HDFC Bank Ltd., which includes credit cards, vehicle loans, personal loans, merchant establishments, loan against shares, home loans and various retail asset products of HDFC Bank Ltd.
- b. Transferor Company No. 2 primarily provides processing support to HDFC Bank Ltd. and few other customers in the areas of retail liabilities, retail assets, credit cards processing, cheque clearing, cash management services and depository services.
- c. The Transferee Company is a subsidiary of HDFC Bank Ltd. and a non-deposit taking Non-Banking Finance Company (NBFC) engaged in the business of financing the requirements of mainly individual borrowers and medium, small and micro business enterprises. The Transferee Company also carries on a BPO business and provides services to HDFC Bank Ltd., to run collections call centers and collects overdue from borrowers. The Transferee Company has set up such call centers across the country, which provide collection services for the entire gamut of

retail lending products of HDFC Bank Ltd. The Transferee Company offers end to end collection services in over 400 locations through its BPO business.

d. The proposed Scheme will result in the following synergies:

- i. **Related Diversification:** Acquiring the business of the Transferor Companies would be a related diversification for the Transferee Company, in the financial services arena. The Transferee Company's BPO business and the Transferor Companies cater to primarily the same customer, i.e. HDFC Bank Ltd. on different service fronts. The proposed Scheme would simplify and consolidate the various services offered by the Transferor Companies and the Transferee Company into a single entity and enable the merged entity to offer a comprehensive bouquet of services, including BPO services, to its customers. The amalgamation will also help the Transferee Company provide end-to-end services in the financial services arena covering *inter alia* sales, document processing, back-office support services and collections to banks, finance companies and financial institutions.
- ii. **Balanced Revenue mix:** The amalgamation will result in a diversified and balanced revenue mix through an increased share of fee based income from the services business along with interest income from lending business.
- iii. **Synergy in Operations:** The Transferor Companies and the Transferee Company primarily cater to the same customer i.e. HDFC Bank Ltd. on different service fronts. The proposed amalgamation would simplify and consolidate the various services offered by the Transferee Company and the Transferor Companies into a single entity and will enable the Transferee Company to offer a comprehensive bouquet of services to its customer(s). Set out hereinbelow are some of the other synergies and benefits that would be achieved upon implementation of the proposed Scheme:
 - The Transferee Company has developed a platform for delivering collections BPO services. The same will be extended to the operations of the Transferor Companies being transferred under the Scheme which is expected to result in higher operating margins for the merged entity. Further the merged entity will have expertise in offering full scale service offerings to its clients.
 - Consolidation of the Transferor Companies' services business with the Transferee Company's BPO Business would lead to synergy in operations and improve the position of the merged entity by offering unified yet comprehensive bouquet of BPO and financial services to its customer(s).
 - Achieve greater integration, flexibility and greater financial strength by simplifying and consolidating the various services offered by the Transferee Company and the Transferor Companies.
 - Opportunities to achieve improved operational, management and financial efficiency
 - Achieve diversified and balanced revenue mix through increased share of fee based income from services business along with interest income from the lending business.

- e. It is proposed that pursuant to Sections 391 to 394 and other relevant provisions of the Act, the Transferor Companies be amalgamated with the Transferee Company, upon which the Transferor Companies will stand dissolved without winding up. As a consequence of the amalgamation, the share capital of the Transferee Company shall increase in accordance with the provisions of paragraph 7.1 to 7.3 of this Scheme.
- f. The amalgamation of the Transferor Companies with the Transferee Company pursuant to this Scheme shall take place with effect from the Appointed Date (as defined hereinbelow).
- g. The amalgamation of the Transferor Companies with the Transferee Company in accordance with the terms of the present Scheme shall be in compliance with the applicable provisions of the Income Tax Act, 1961, including Section 2(1B), as a result whereby, by virtue of the amalgamation all the assets, properties and liabilities of the Transferor Companies existing immediately before the amalgamation (save and except shares of the Transferor Company No. 1 held by Transferor Company No. 2, which will stand extinguished), shall become the assets, properties and liabilities of the Transferee Company. Further, the amalgamation is expected to lead to creation of a stronger and larger entity which would be to the benefit of the shareholders of the Transferor Companies and the Transferee Company. Moreover, under the Scheme the shareholders of the Transferor Companies are to be allotted shares of the Transferee Company in accordance with the swap ratio as set out at paragraph 7.5 of the Scheme, which is based on a fair and independent valuation ("**Valuation**"). Hence, the Scheme will not prejudicially affect the interests of any shareholder of either of the Transferee Company or the Transferor Companies. Moreover, as the Transferee Company is adopting all liabilities of the Transferor Companies and has sufficient assets to discharge these liabilities, the Scheme will not prejudicially affect the interests of the creditors of either the Transferor Companies or the Transferee Company.
- h. The amalgamation is not a result of any acquisition of property of the Transferor Companies by the Transferee Company through purchase or a result of the distribution of such property to the Transferee Company pursuant to the winding up of the Transferor Companies.
- i. This Scheme has been drawn up to comply with applicable provisions of law, including the provisions of Section 2(1B) of the Income Tax Act, 1961. In the event any term of this Scheme is found or interpreted for any reason to be inconsistent with the provisions of the law at a subsequent date, including as a result of an amendment of the law, the Scheme shall stand modified to the extent necessary to comply with such amendments. The modification will however not affect other parts of the Scheme.

3. PARTS OF THE SCHEME

This Scheme of Amalgamation is divided into the following parts:

- a. **PART I**, which is a general section is further divided into two parts, providing (A) definitions applicable to this Scheme; (B) details of the share capital and shareholding structure of the Transferor Companies and the Transferee Company;
- b. **PART II**, which deals with the provisions and terms based on which the amalgamation of the Transferor Companies with the Transferee Company shall take place; and
- c. **PART III**, which deals with the dissolution without winding up of the Transferor Companies and the general terms and conditions applicable to the Scheme of Amalgamation.

PART I

4. DEFINITIONS

4.1. In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

“Act” means the Companies Act, 1956, as amended and the corresponding provisions of the Companies Act, 2013, upon their notification (including any statutory modifications or re-enactments thereof), for the time being in force;

“Appointed Date” means the opening of business on April 1, 2014, or such other date as may be determined by the Board of Directors of the Transferor Companies and the Transferee Company or such other date as may be decided by the High Court;

“Board of Directors” or **“Board”** shall mean in relation to each of the Transferor Companies and the Transferee Company, as applicable, the board of directors of such company and shall include any committee which has been duly authorised and constituted for the purposes of the Scheme and the amalgamation and/or any matters pertaining to the same;

“Effective Date” means the date or the last of the dates on which the certified copies of the orders passed by the High Court of Judicature at Bombay and the High Court of Judicature at Gujarat, sanctioning the Scheme, are filed by each of the Transferor Companies and the Transferee Company with the respective Registrar of Companies. References herein to ‘coming into effect of the Scheme’ and ‘effectiveness of the scheme’ shall be construed as reference to the Effective Date;

“Governmental Authority” means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body;

“High Court” shall mean in relation to the Transferee Company, the High Court of Judicature at Gujarat having jurisdiction in relation to the Transferee Company and in relation to the Transferor Company No. 1 and Transferor Company No. 2, the High Court of Judicature at Bombay having jurisdiction in relation to the Transferor Company No. 1 and Transferor Company No. 2, (references to High Court shall be construed accordingly); and shall include the National Company Law Tribunal, as applicable, or such other forum or authority as may be vested with any of the powers of a High Court under the Act;

“Liabilities” shall include all secured and unsecured debts (in either Indian or foreign currency), liabilities, duties, obligations, undertakings of any kind or description whatsoever and raised or incurred for the business activities along with any charge, lien, encumbrance or security thereon;

“New Equity Shares” shall have the meaning ascribed to the expression in paragraph 7.5 (c) of Part II of the Scheme;

“Record Date” shall mean such date after the Effective Date, to be fixed by the Board of Directors of the Transferee Company for the purpose of issue of new equity shares of the Transferee Company to the shareholders of the Transferor Companies in terms of this Scheme;

“Registrar of Companies” shall mean in relation to the Transferee Company and the Transferor Companies, the Registrar of Companies, Gujarat, Dadra and Nagar Haveli and the Registrar of Companies, Maharashtra, Mumbai, respectively;

“Scheme” means this scheme of amalgamation, as amended or modified in accordance with the provision for the same herein;

“Transferee Company” means HDB Financial Services Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380 009;

“Transferor Company No. 1” means HBL Global Private Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra;

“Transferor Company No. 2” means Atlas Documentary Facilitators Company Private Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 26A, Narayan Properties Chandivali Farm Road, Off Saki Vihar Road, Chandivali, Andheri (East), Mumbai 400 072, Maharashtra;

“Undertaking” means and includes the following:

- (a) All assets of the Transferor Companies as on the Appointed Date;
- (b) All debts, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date;
- (c) Without prejudice to the generality of sub-clauses (a) and (b) hereinabove, Undertaking shall mean and include the whole of the undertaking of the Transferor Companies, as a going concern, including its business, all secured and unsecured debts, liabilities, duties, obligations, all the assets and properties, whether movable or immovable, real or personal, fixed assets, in possession or reversion, corporeal or incorporeal, tangible or intangible, current assets, present or contingent assets including stock, shares, investments, claims, powers, authorities, allotments, approvals, registrations, contracts, arrangements, engagements, rights, titles, interests, benefits, advantages, sundry debtors, bills of exchange, loans and advances, leasehold rights, tenancy rights, permits, authorisations, quota rights, including reserves, funds, provisions, equipments and installations and utilities, electricity water and other service connections, records, files, employees and benefits of agreements, contracts and arrangements, balances with all regulatory authorities, liberties, advantages, easements and all rights titles, interest goodwill benefits and advantages, deposits, reserves, benefits, advantages, receivables, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, incentives, tax credits (including but not limited to credits in respect of Income Tax, Minimum Alternate Tax, VAT, Sales Tax, Service Tax etc.) and all other rights, claims and powers, of whatsoever nature and wheresoever situated, belonging to or in the possession of, or granted in favour of, or enjoyed by the Transferor Companies, as on the Appointed Date, and all the earnest money and/or deposits including security deposits paid by the Transferor Companies as on the Appointed Date and all other rights, obligations, benefits available under any rules, regulations, statutes, including Direct and Indirect Tax laws, derived by the Transferor Companies and all necessary records, files, papers, computer

programs, websites, domain names and other records whether in physical or electronic form in connection with or relating to the Transferor Companies.

- 4.2. Headings shall not affect the interpretation or construction of this Scheme;
- 4.3. Words using the singular terms shall also include the plural terms and *vice versa*;
- 4.4. Reference to the word "include" and "including" shall be construed without limitation;
- 4.5. References to a person includes any individual, firm, body corporate, Governmental Authority, joint venture, association or partnership.

5. **SHARE CAPITAL AND SHAREHOLDING PATTERN**

5.1. **Transferor Company No. 1**

The share capital and shareholding pattern of the Transferor Company No. 1 as on March 31, 2014 is as under:

PARTICULARS	AMOUNT [RS.]
Authorised Share Capital:	
10,00,000 Equity Shares of Rs.10 each	1,00,00,000
TOTAL	1,00,00,000
Issued, Subscribed and Fully Paid-up Share Capital:	
10,200 Equity Shares of Rs.10 each/-	1,02,000/-
TOTAL	1,02,000/-

5.2. **Transferor Company No. 2**

The share capital and shareholding pattern of the Transferor Company No. 2 as on March 31, 2014 is as under:

PARTICULARS	AMOUNT [RS.]
Authorised Share Capital:	
5,50,000 Equity Shares of Rs.10 each	55,00,000
TOTAL	55,00,000
Issued, Subscribed and Fully Paid-up Share Capital:	
4,50,180 Equity Shares of Rs.10 each/-	45,01,800/-
TOTAL	45,01,800/-

5.3. Transferee Company

The authorised, issued, subscribed and paid up share capital of the Transferee Company as on March 31, 2014 is as follows:-

PARTICULARS	AMOUNT (IN RS.)
Authorised Share Capital:	
100,00,00,000 Equity Shares of Rs.10/- each	1000,00,00,000/-
TOTAL	1000,00,00,000/-
Issued, Subscribed and Fully Paid-up Share Capital:	
51,37,50,219 Equity Shares of Rs. 10/- each	513,75,02,190/-
TOTAL	513,75,02,190/-

PART II

AMALGAMATION OF THE TRANSFEROR COMPANIES WITH THE TRANSFEE COMPANY

6. TRANSFER

With effect from the Appointed Date and pursuant to the sanction of the Scheme by the relevant High Court and in accordance with the provisions of Section 391 to 394 and/or any other applicable provisions of the Act or any other law for the time being in force, the entire Undertaking of the Transferor Companies shall be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company as a going concern without any further act, deed, instrument, matter or thing, so as to become, as and from the Appointed Date, the estate, assets, rights, title, interest of the Transferee Company, by virtue of and in accordance with the provisions of this Scheme.

6.1. Transfer of Assets

- (a) On and from the Appointed Date, all estate, assets, properties, rights, claims, titles, interest and authorities, including accretions and appurtenances comprised in the Transferor Companies of whatsoever nature and wherever situate shall, without any further act, deed or instrument, be and stand transferred to and vested in the Transferee Company as a going concern so as to become, the estate, assets, properties, rights, claims, title, interest and authorities of the Transferee Company.
- (b) On and from the Appointed Date, the movable properties and assets of the Transferor Companies (excluding the shares of Transferor Company No. 1 held by Transferor Company No. 2 which are being extinguished under the Scheme since Transferor Company No. 1 and Transferor Company No. 2 are both being merged into the Transferee Company), the same shall be and stand transferred by the Transferor Companies to the Transferee Company and shall become the assets and property of the Transferee Company with effect from the Appointed Date, without requiring any further deed, conveyance or instrument of transfer.

- (c) In addition to what is stated at paragraph 6.1 (b) above, the assets and properties of the Transferor Companies, in particular receivables, bills, loans and advances recoverable in cash or kind, bank balances, investments, deposits of any nature, shall stand transferred to and vested in the Transferee Company on and from the Appointed Date without any further act, instrument or deed, cost or charge and without any need to notify or intimate any third party.
- (d) All assets, rights, interests, properties, whether immovable or movable, acquired by the Transferor Companies on or after the Appointed Date but before the Effective Date, shall be deemed to be and shall become the assets, rights, interests, properties of the Transferee Company and shall stand transferred to and vested in the Transferee Company on and from the Appointed Date, without any further act, instrument or deed.
- (e) All the licenses, permits, entitlements, approvals, permissions, registration, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, tenancy rights, liberties, special status and other benefits and privileges enjoyed or conferred upon or held or availed of by the Transferor Companies and all rights and benefits that have accrued or which may accrue to the Transferor Companies, whether on or before or after the Appointed Date, including benefits and exemptions of taxation that have or may accrue to the Transferor Companies on, before or after the Appointed Date, tax holidays, subsidies, special incentives, special status and other privileges and benefits granted by any Government Authority or any person, shall stand transferred to and vested in the Transferee Company and shall be enforceable by the Transferee Company on the same terms and conditions.

6.2. Transfer of Contracts

- (a) Subject to the provisions of this Scheme, all contracts, deeds, agreements and other instruments of whatsoever nature to which the Transferor Companies are party to, or under which the Transferor Companies are to obtain a benefit, and which are subsisting/effective immediately prior to the Effective Date, shall continue to operate against or in favour of the Transferee Company and be enforced against or by the Transferee Company as if the Transferee Company is a party to the same.
- (b) The Transferee Company shall on and from the Effective Date be authorized to act on behalf of the Transferor Companies for the purposes of compliance by the Transferor Companies of its various obligations under all contracts, deeds, agreements and other instruments to which it is a party and/or under which it is deriving a benefit.

6.3. Transfer of Liabilities

- (a) On and from the Appointed Date, all Liabilities of the Transferor Companies shall without any further act, instrument, deed, be transferred to and vested in the Transferee Company to the extent that they are outstanding and shall become the Liabilities of the Transferee Company on the same terms and conditions. The Transferee Company shall meet and discharge the said Liabilities without any need to notify or intimate any third party.
- (b) All Liabilities of the Transferor Companies that have arisen or accrued on or after the Appointed Date but before the Effective Date, shall become the Liabilities of the Transferee Company pursuant to this Scheme and the Transferee Company shall meet, discharge and satisfy the same.

- (c) Any discharge by the Transferor Companies of its Liabilities on or after the Appointed Date shall be deemed to be for and on behalf of the Transferee Company.
- (d) All existing encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Companies transferred to and vested in the Transferee Company by virtue of this Scheme.
- (e) Any Liabilities due and/or outstanding or which may become due/ outstanding between the Transferor Companies and the Transferee Company shall stand discharged and no liability/obligation will be imposed on any party with respect to the same.

6.4. Staff, Workmen and Employees

- (a) On the Scheme becoming operative, all staff, workmen and employees of the Transferor Companies in service as on the Effective Date, shall be deemed to have become staff, workmen and employees of the Transferee Company without any break in their service. On the basis of continuity of employment there shall be no substantial change in the terms of employment of the employees of the Transferor Companies, to their prejudice, at the time of such transfer of employment.
- (b) On the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts created or existing for the benefit of the staff, workmen and employees of the Transferor Companies shall become the trusts/ funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Companies in relation to such Fund or Funds shall become those of the Transferee Company. It is clarified that the services of the staff, workmen and employees of the Transferor Companies will be treated as having been continuous for the purpose of the said Fund or Funds.

6.5. Legal, Taxation and other Proceedings

- (a) On and from the Effective Date, all suits, actions and other proceedings, including legal, taxation and proceedings before any quasi-judicial or administrative body, by or against the Transferor Companies, whether pending and/or arising on or before the Effective Date shall be continued by the Transferee Company.
- (b) On and from the Effective Date, the Directors of the Transferor Companies will cease to be Directors of each respective Transferor Company and shall not be entitled merely by virtue thereof to any directorship in the Transferee Company pursuant to the provisions of the Scheme. It is clarified that this Scheme will not affect or cause any change in the directorship of the Transferee Company.

7. REORGANISATION OF SHARE CAPITAL OF THE TRANSFEREE COMPANY

- 7.1. Consequent to and as part of the amalgamation of the Transferor Companies with the Transferee Company, the Authorised Share Capital of the Transferor Companies shall stand merged into and combined with the Authorised Share Capital of the Transferee Company, without any further act, deed including without payment of any stamp duty, registration or filing fee on such combined Authorised Share Capital under Section 403 of the Companies Act, 2013.
- 7.2. Upon the Scheme becoming effective, the Authorised Share Capital of the Transferee Company shall automatically stand enhanced by the aggregate share capital of the Transferor Companies of Rs.1,55,00,000/- (Rupees One Crore and Fifty Five Lac only). The Authorised Share Capital of the Transferee Company shall therefore stand enhanced to Rs.1001,55,00,000/- (Rupees One Thousand and One Crore and Fifty Five Lac only) divided into 100,15,50,000 (One Hundred Crore Fifteen Lac Fifty Thousand) equity shares of Rs.10/- each. Clause V of the Memorandum of Association of the Transferee Company and Article 4 of the Articles of Association of the Transferee Company shall without any further act, instrument or deed, stand altered accordingly. The consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment and no further resolution(s) under Section 394 of the Companies Act, 1956 or Sections 13, 14, 61 of the Companies Act, 2013 (corresponding to Sections 16, 31 and 94 of the Companies Act, 1956) or any other applicable provisions of the Act or any Rules thereunder, would be required to be separately passed.
- 7.3. Upon the Scheme becoming effective, the issued, subscribed and paid up Share Capital of the Transferee Company shall be as mentioned in paragraph 7.11 hereunder.
- 7.4. Accordingly, upon the Scheme becoming effective, the Capital Clause of the Memorandum of Association of the Transferee Company shall stand substituted to read as follows:

“The Authorised Share Capital of the Company is Rs.1001,55,00,000/- (Rupees One Thousand and One Crore and Fifty Five Lac only) divided into 100,15,50,000 (One Hundred Crore Fifteen Lac Fifty Thousand) equity shares of Rs.10/- each.”

Clause 4 of the Articles of Association of the Transferee Company shall stand substituted to read as follows:

“The Authorised Share Capital of the Company is Rs.1001,55,00,000/- (Rupees One Thousand and One Crore and Fifty Five Lac only) divided into 100,15,50,000 (One Hundred Crore Fifteen Lac Fifty Thousand) equity shares of Rs.10/- each to be increased or reduced in accordance with the relevant provisions of the Companies Act, 2013. The minimum paid up share capital of the Company will be Rs.5,00,000/- (Five Lacs only) divided into 50,000 equity shares of Rs.10/-.”

The Transferee Company shall file the requisite forms with the relevant Registrar of Companies, or any other applicable authority for such increase of the authorized share capital.

- 7.5. Upon the Scheme coming into effect, and without any further application, act or deed, the Transferee Company shall:

- (a) in consideration of the amalgamation of the Transferor Company No. 1 with the Transferee Company, issue and allot to every equity shareholder of Transferor Company No. 1 holding fully paid up equity shares in Transferor Company No. 1, and whose names appear in the Register of Members of the Transferor Company No. 1 as on the Record Date, 102.35 equity shares of Rs.10/- in the Transferee Company credited as fully paid up with rights attached thereto for every 1 (one) equity share of Rs.10/- each fully paid up, held by such member in the capital of Transferor Company No. 1.
- (b) in consideration of the amalgamation of the Transferor Company No. 2 with the Transferee Company, issue and allot to every equity shareholder of Transferor Company No. 2 holding fully paid up equity shares in Transferor Company No. 2, and whose names appear in the Register of Members of the Transferor Company No. 2 as on the Record Date, 16.75 equity shares of Rs.10/- in the Transferee Company credited as fully paid up with rights attached thereto for every 1 (one) equity share of Rs.10/- each fully paid up, held by such member in the capital of Transferor Company No. 2.
- (c) The equity shares of the Transferee Company issued to the shareholders of the Transferor Companies are hereinafter collectively referred to as **"New Equity Shares"**. For the avoidance of doubt, it is clarified that even though Transferor Company No. 2 is a shareholder of Transferor Company No. 1, since both Transferor Company No. 1 and Transferor Company No. 2 are merging into the Transferee Company, no shares of Transferee Company are to be allotted to Transferor Company No. 2 under this Scheme and the same has been taken into account in the share swap ratio for equity shareholders of the Transferor Company No. 2 as mentioned in paragraph 7.5(b) above.
- 7.6. Pursuant to the Scheme, the shares of the Transferor Companies held by their respective equity shareholders, shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and extinguished in full, without any requirement to surrender the share certificates, if any. The Transferee Company shall take such actions in relation to the Equity Shares of the Transferor Companies, as may be necessary.
- 7.7. No fractional shares shall be issued by the Transferee Company in respect of the fractional entitlements, if any, to which the equity shareholders of the Transferor Companies may be entitled on issue and allotment of New Equity Shares in the Transferee Company as above. The Board of the Transferee Company shall consolidate all such fractional entitlements and thereupon issue and allot New Equity Shares in lieu thereof to any director of the Transferee Company appointed for the purpose who shall hold the New Equity Shares in trust for and on behalf of the members entitled to such fractional entitlements with the express understanding that such director shall sell the same at such time or times and at such price or prices to such person or persons, as it deems fit. The said director shall distribute such net sale proceeds to the members in the same proportion as their respective fractional entitlements bear to the consolidated fractional entitlement. The director shall be appointed by the Board of Directors of the Transferee Company.
- 7.8. The New Equity Shares in the Transferee Company to be issued to the members of the Transferor Companies shall be subject to the Memorandum and Articles of Association of the Transferee Company and the New Equity Shares so issued shall rank *pari passu* in all respects with the existing equity shares in the Transferee Company.

- 7.9. The New Equity Shares in the Transferee Company will be issued to the members of the Transferor Companies in dematerialized form, with such New Equity Shares being credited to the existing depository accounts of the members of the Transferor Companies entitled thereto. Members of the Transferor Companies holding physical share certificates will be entitled to receive such New Equity Shares in the physical form, if they choose to receive such New Equity Shares in physical form.
- 7.10. The issue and allotment of equity shares by the Transferee Company to the equity shareholders of the Transferor Companies as provided hereunder is an integral part of the Scheme and shall be deemed to have been carried out as if the procedure laid down under Section 62 and any other applicable provisions of the Companies Act, 2013 and/or the Companies Act, 1956, and Rules made thereunder and all other relevant regulations and laws for the time being in force were duly complied with.
- 7.11. The equity shareholding pattern of the Transferee Company upon the Scheme coming into effect and upon the issuance and allotment of New Equity Shares of the Transferee Company as mentioned in paragraph 7.5 hereinabove, will subject to what is stated herein below, be as hereunder:

Sr. No.	Shareholder	Total Shareholding	
		No. of Equity Shares	% of Shares
1.	HDFC Bank Limited	68,21,85,875	96.39
2.	Others	2,55,47,536	3.61
Total		70,77,33,411	100

The above equity shareholding pattern is based on the assumption that: (a) the equity shares to be offered to the members of the Transferee Company by way of the proposed rights issue are fully subscribed to before the Effective Date; and (b) all Employee Stock Options granted by the Transferee Company are fully exercised before the Effective Date.

In the event the rights issue proposed by the Transferee Company is not fully subscribed to and/or the Employee Stock Options are not fully exercised, the total number of issued equity shares of the Transferee Company upon the Scheme coming into effect may be different from what is indicated above. This, however, will not affect the number of New Equity Shares of the Transferee Company that are to be issued and allotted to the equity shareholders of the Transferor Companies under paragraph 7.5 above.

8. DECLARATION OF DIVIDEND AND ISSUANCE OF RIGHTS / BONUS SHARES

- 8.1. On and after the Appointed Date and until the Effective Date, the Transferor Companies shall not declare or pay dividends, whether interim or final, or issue any debentures (non-convertible or partly or fully convertible) or shares by way of bonus, rights or otherwise, to their respective shareholders, except with the prior written consent of the Board of Directors of the Transferee Company.
- 8.2. The Board of the Transferee Company has already approved issuance of further shares by way of rights that may take place after the Appointed Date but before the Effective Date up to

18,53,00,000 (Eighteen Crore Fifty Three Lac) equity shares of face value of Rs. 10/- (Rupees Ten only) each of the Transferee Company. This rights issue can be proceeded with and completed by the Transferee Company pending sanction/ approval of the Scheme by the High Court.

9. CONDUCT OF BUSINESS

9.1. With effect from the Appointed Date and upto and including the Effective Date:

- (a) The Transferor Companies shall carry on and be deemed to have carried on all its business and activities for and on behalf of and in trust for the Transferee Company.
- (b) All profits, losses, income and expenditure arising or incurred by the Transferor Companies (including taxes) for the period commencing from the Appointed Date shall be treated to be the profits, losses, income and expenditure as applicable, of the Transferee Company.
- (c) The Transferor Companies shall be deemed to have exercised all rights, powers, authorities and undertaken and/or discharged any obligations, duties or liabilities for and on behalf of, and as an agent of the Transferee Company.
- (d) The coming into effect of this Scheme shall not affect any prior transactions or proceedings already concluded by the Transferor Companies on, before or after the Appointed Date and until the Effective Date, in as much as the Transferee Company hereby accepts and adopts all acts, deeds and things done and executed by the Transferor Companies as if the same are done and executed by the Transferee Company.
- (e) Pending the sanction of the Scheme, the Transferee Company may apply as required to any authority, including any Governmental Authority, for such consents, permissions, approvals which may be necessary to carry on the business of the Transferor Companies.

PART III

DISSOLUTION OF THE TRANSFEROR COMPANIES AND OTHER TERMS AND CONDITIONS

10. ACCOUNTING

- 10.1. Upon the Scheme becoming effective, the Transferee Company shall account for the amalgamation in its books of accounts as under:
- (a) As per Accounting Standard 14 issued by Council of the Institute of Chartered Accountants of India, the amalgamation is in the nature of merger & pooling of interest method of accounting will be followed.
 - (b) The Transferee Company shall record the assets and liabilities of the Transferor Companies pursuant to this Scheme, at their respective book values as appearing in the books of the Transferor Companies.
 - (c) All the reserves of the Transferor Companies shall be recorded in the books of the Transferee Company in the same form in which they appear in the books of the Transferor Companies.

- 10.2. Upon the coming into effect of this Scheme, inter-company transactions, including loans and advances, debts, deposits, balances, or other obligations between the Transferor Companies and Transferee Company shall end and corresponding effect shall be given in the books of accounts and records of the Transferee Company. Moreover, there will be no accrual of interests or any other charges in respect of inter-company loans, deposits, debts, balances, on and from the Effective Date.

11. CONDITIONS PRECEDENT

- 11.1. The Scheme is conditional upon the following:
- (a) The Scheme being agreed to by the requisite number of shareholders and/or creditors and/or classes of shareholders and/or creditors of the Transferor Companies and the Transferee Company as required under the Act and in accordance with the orders of the High Court;
 - (b) The certified copies of the High Court's orders sanctioning this Scheme being filed with the relevant Registrar of Companies;
 - (c) Such other approvals and sanctions in respect of the Scheme, as may be required by law being obtained.
- 11.2. On approval of the Scheme by the shareholders and creditors of the Transferor Companies and the Transferee Company, if required, in accordance with Section 391(1) of the Act, the shareholders and/or creditors of these Companies shall be deemed to have also resolved and given all relevant consents under the other provisions of the Act and Rules to the extent applicable and necessary to give effect to this Scheme.
- 11.3. In the event of this Scheme failing to take effect by September 30, 2016, or such other date as may be mutually decided by the Board of Directors of the Transferor Companies and Transferee Company, this Scheme shall stand revoked, cancelled and be null and void and of no effect whatsoever. In such a case, no rights and liabilities shall accrue to or be incurred inter se between the parties or their shareholders or creditors or any other person. In such a case, parties shall bear their own costs and expenses.
- 11.4. Upon the coming into effect of the Scheme, the Transferor Companies shall stand dissolved without winding-up, without any further act or deed. The Transferor Companies shall be removed from the register of the Registrar of Companies on the effectiveness of this Scheme.
- 11.5. The Transferor Companies and the Transferee Company shall make necessary applications before the High Court for the sanction of this Scheme pursuant to Sections 391 to 394 of the Act.
- 11.6. Upon the coming into effect of the Scheme, the resolutions of the Transferor Companies which are valid and operating as of the Effective Date shall be considered as the resolutions passed by the Transferee Company.
- 11.7. Subject to applicable law and the orders of the High Court, the Transferor Companies through their Boards and the Transferee Company through its Board may at any time, in their absolute discretion, and jointly and mutually in writing, modify, vary, alter, interpret, clarify, give such

directions as may be necessary to settle any question or difficulty in relation to this Scheme. This would include any alteration or modification in the Scheme pursuant to any directions issued by the High Court and/or any other Governmental Authority.

- 11.8. If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the respective Boards of the Transferor Companies and the Transferee Company, affect the validity or implementation of the other parts of this Scheme.
- 11.9. All costs charges and expenses payable by both the Transferor Companies and the Transferee Company in connection with this Scheme and for the completion of the amalgamation shall be borne equally by the Transferor Companies and the Transferee Company.