

SCHEME OF AMALGAMATION

UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013

OF

SONATA FINANCE PRIVATE LIMITED
Transferor Company

WITH

BSS MICROFINANCE LIMITED
Transferee Company

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

For Sonata Finance Private Limited


Anjali Chaudhary Siddiqui
Company Secretary
ICSI Membership No. F12612

For BSS Microfinance Limited


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SCHEME OF AMALGAMATION

PREAMBLE

This Scheme of Amalgamation in its present form contemplates an amalgamation of:

A. Sonata Finance Private Limited (“**Transferor Company**”), a private limited company incorporated under the provisions of the erstwhile Companies Act, 1956 on April 6, 1995, bearing CIN- U65921UP1995PTC035286. The registered office of the Transferor Company is situated at II floor, CP-1, P.G. Towers, Kursi Road, Vikas Nagar, Lucknow, Uttar Pradesh -226022, India

With

B. BSS Microfinance Limited (“**Transferee Company**”), a public limited company incorporated under the provisions of the erstwhile Companies Act, 1956 on April 5, 1994 bearing CIN- U74899KA1994PLC049746 and having its registered office situated No. 11, 2nd Block, 2nd Stage, Outer Ring Road, Near BDA Complex, Nagarabhavi Layout, Bangalore – 560072.

For this purpose, this Scheme (*as defined hereinafter*) is divided into the following parts:

- (a) Preamble
- (b) Part I - deals with the Introduction and Definitions;
- (c) Part II - deals with the Amalgamation of the Transferor Company with the Transferee Company;
- (d) Part III - deals with Accounting and Tax Treatment;
- (e) Part IV - deals with the general terms and conditions that would be applicable to the entire Scheme;
- (f) Part V — deals with miscellaneous provisions that would be applicable to the entire Scheme.

In addition to the above, this Scheme also provides for various other matters consequential or otherwise integral to it.

The amalgamation hereunder will be effected under the provisions of Sections 230 to 232 of the Companies Act, 2013 and in accordance with Section 2(1B) of the Income Tax Act, 1961.

PART I - INTRODUCTION AND DEFINITIONS

1. INTRODUCTION

1.1 The Transferee Company is a wholly owned subsidiary of Kotak Mahindra Bank Limited (“**Kotak Mahindra Bank**”) and Kotak Mahindra Bank is a public company whose shares are listed on stock exchanges in India. The Transferee Company is acting as a business correspondent exclusively for Kotak Mahindra Bank and provides micro finance, unsecured small ticket loans and small value secured loans to women borrowers and individuals on behalf of Kotak Mahindra Bank (“**Transferee Business**”). The main objects of the Transferee Company, *inter alia*, are:

1. To reduce poverty in India, by carrying on the business of providing financial services,

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particularly through Micro Finance, to large number of poor men and women directly or indirectly, in their habitats and thus to help them and their families out of poverty and improve their standard of living.

2. To carry on the business of financing development activities through long term loans and other means of financing upon such terms and conditions as the Company may think fit for the purposes of:
 - a. agricultural development (which term includes, inter-alia, land acquisition and development, irrigation, watershed development, crop cultivation, plantation, horticulture, forestry, animal husbandry and allied activities, such as dairy, poultry, fishery, aqua culture and floriculture).
 - b. industrial development (which term includes, inter alia, agro-processing, mining and quarrying utilities - including water, power and renewable sources of energy - manufacturing, including handicrafts, construction, trade and distribution, transport, and services of all kinds).
 - c. market linkage development (which term includes, inter alia, provision of inputs for and marketing of output of agricultural and industrial development activities including facilities for storage, trading and transport for such inputs and outputs)
 - d. habitat development (which term includes, inter alia, purchase, construction up gradation, extension and modification of buildings and infrastructure for residential, agricultural, commercial or industrial purposes) but targeted towards the poor in generation and enhancement of livelihoods in India.
 3. To carry on the business of Micro Insurance Agency and or Corporate Agency for distribution of Micro Insurance and other Insurance Products.
 4. To provide collateral free credit to poor women through groups, deliver credit, thrift, savings and other financial services, distribution of micro insurance, fund transfer facilities and allied services related to them at their group meetings or individually in the cities, towns, villages of India with a view to provide them sustainable livelihood and enhancement of their and their family living conditions based on their needs, skills and traditional livelihood occupations, and carry on the business of Micro Finance.
 5. To provide training and support services, including introduction of new technologies, methods and tools for working in the development of small, micro enterprises to the prospective customers, in achieving the above.
 6. To arrange for direct and/or indirect financing to individuals or groups of individuals, through Commercial Banks, Financial Institutions or other financing institutions and/or agencies by carrying on the activities of a Business Correspondent and/or Business Facilitator in accordance with the rules and regulations framed by the Reserve Bank of India from time to time, and to undertake various services as per rules and regulations framed by Reserve Bank of India from time to time.
- 1.2 The Transferor Company is a wholly owned subsidiary of Kotak Mahindra Bank. The Transferor Company acts as a business correspondent mainly to Kotak Mahindra Bank and provides micro finance, unsecured small ticket loans and small value secured loans to women borrowers and individuals on behalf of Kotak Mahindra Bank ("**Transferor Business**"). As on date of filing of this Scheme, the Transferor Company is registered as a non-deposit taking NBFC-MFI vide Certificate of Registration dated December 3, 2013, bearing registration number B-12.00445 issued by the Department of Non-Banking Supervision of the RBI under Section 45-IA of the Reserve Bank of India Act, 1934. The Transferor Company has vide application dated July 18, 2024 applied to the RBI for surrender of its NBFC license. The main objects of the Transferor Company *inter alia*, are:

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1. *To carry on and undertake in India and abroad the business of finance including micro finance by making loans, or advances to operate a sustainable microfinance institution, hire-purchase, leasing and to finance hire-purchase and lease operations of all kinds and purchasing or otherwise acquiring, selling, hiring or letting out on hire or lease or on installment credit or deferred payment basis of all kinds of movable and immovable properties including industrial and office plant, equipment, machinery whether mechanical, electrical and electronic or otherwise and lands, buildings and real estate and to carry on any business in which the goods and properties dealt with by the company may be used or operated or utilized and assisting in financing of all and every kind and description of hire-purchase, deferred payment, installment credit or similar transactions and subsidizing, financing the purchase or sale or otherwise acquisition or disposal or maintenance of all kinds of movable and immovable properties.*
 2. *To advance, lend money or provide security to any person poor, small, medium entrepreneurs, individuals or company to offer a wide variety of financial and non-financial products and services, with or without any security and upon such terms and conditions as the company may deem fit and to or advances or subscribing to the capital, bonds or securities of any person or Company and to provide guarantee or security for financial obligations or performance by any person or company and to carry on all kinds of finance operations including micro financing, providing venture capital, factoring, financial software and finance service of all kinds whether or not expressly mentioned herein.*
 3. *To carry on the business or portfolio investments in all kinds of securities including shares, stocks, debentures, deposits, units, Government securities including promissory notes, loans, bonds, national savings schemes and carry on the business as underwriters and brokers of stocks, shares and other securities and to provide investment and merchant banking services including managing the issues of capital or rising of resources providing Registrar or Transfer Agency Services and Data processing facilities and supporting and related services and undertaking and executing any contract involving computer-based information system, feasibility study, software development, system and programming data analysis and providing counseling, advisory or consultancy services.*
 4. *To carry on the business or to enter into agreement with and to take up the insurance corporate agency of insurance companies and to carry on business of as insurance brokers in all its branches as allowed by IRDA.*
 5. *To carry on the business of insurance in respect of any and all insurable risks which may affect the company or any other company or person and to effect insurance (and to pay the premium there for) in respect of the life/non life of any person and to effect re-insurance.*
 6. *To carry on business or to enter into an agreement with and to act as agent of Money Transfer Service Provider Companies to carryout inward and outward remittances."*
- 1.3 This Scheme of Amalgamation (hereinafter referred to as the "Scheme") provides for the transfer and vesting, by way of amalgamation, of the Transferor Company along with its Undertaking (as defined hereinafter) with the Transferee Company and the consequent issue of equity shares by the Transferee Company to the shareholders of the Transferor Company, the consequent cancellation of the equity shares of the Transferor Company and the consequent dissolution of the Transferor Company without winding up, pursuant to Sections 230 to 232 and other relevant provisions of the Act (as defined hereinafter) in the manner provided for in this Scheme.

2. RATIONALE FOR THIS SCHEME

- 2.1 This Scheme envisages the amalgamation of the Transferor Company with the Transferee Company, resulting in consolidation of the Transferor Business and Transferee Business in one entity and strengthening the position of the merged entity, by enabling it to harness and optimize the synergies

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of the two companies. The chief reasons and circumstances leading to and justifying the proposed Scheme, which make it beneficial for all concerned, including the members, creditors and all other stakeholders of both the Transferor Company and the Transferee Company are as follows:

- 2.1.1 The amalgamation would be in furtherance of the compliance with the Reserve Bank of India letter dated October 19, 2023 approving the acquisition of the Transferor Company by Kotak Mahindra Bank which mandated the amalgamation of the Transferor Company and the Transferee Company.
- 2.1.2 The Transferor Company and the Transferee Company are wholly owned subsidiaries of Kotak Mahindra Bank and are engaged in similar and complementary lines of businesses. The amalgamation of the Transferor Company and the Transferee Company is based on leveraging the significant complementarities that exist amongst the parties. The amalgamation would create meaningful value for various stakeholders including shareholder, customers, employees, as the combined business would benefit from increased scale. The amalgamation of the Transferor Company and the Transferee Company will bring about increased operational efficiency for Kotak Mahindra Bank and its subsidiaries and will result in administrative and operational rationalization, organizational efficiencies, reduction in overheads and other expenses and optimum utilization of resources.
- 2.1.3 The shareholders of the Transferor Company and the shareholders of the Transferee Company being the same entity (i.e. Kotak Mahindra Bank and its nominees), the amalgamation of the two entities shall not prejudicially affect the interest of its shareholders.
- 2.1.4 As far as the creditors of the Transferee Company and creditors of the Transferor Company are concerned, after amalgamation, the assets of the merged entity will be more and its balance sheet will be more resilient than that of either of the entities, securing the interests of the creditors of both the Transferor Company and the Transferee Company. Accordingly, the creditors of neither the Transferor Company nor the Transferee Company will be affected by the amalgamation of the two entities.

3 DEFINITIONS

- 3.1 The expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act (*as defined hereinafter*) and other applicable laws, rules, regulations, by-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.
- 3.2 In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

“**Act**” means the Companies Act 2013, including the rules made thereunder and any statutory modifications, re-enactment or amendments thereof from time to time and any reference to the provisions of the said Act shall be construed accordingly;

“**Appointed Date**” means close of business hours on March 31, 2025 or such other earlier date as may be approved by the Board of Directors of the Transferor Company and the Transferee Company and confirmed by the Tribunal;

“**Contracts**” shall have the meaning ascribed to it in Clause 5.3.5 of this Scheme;

“**Delegates**” shall have the meaning ascribed to it in Clause 17.3 of this Scheme;

“**Effective Date**” shall have the meaning ascribed to it in Clause 12.3 of this Scheme;

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“Governmental Authority” means any applicable Central, State or local Government, legislative body, regulator or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction over the territory of India;

“IT Act” shall have the meaning ascribed to it in sub-clause 5.3.7 of this Scheme;

“Legal Proceedings” shall have the meaning ascribed to it in Clause 5.3.4 of this Scheme;

“MAT” shall have the meaning ascribed to it in sub-clause 5.3.7 of this Scheme;

“Tax Laws” shall have the meaning ascribed to it in sub-clause 5.3.7 of this Scheme;

“Transferor Company” shall have the meaning ascribed to it in paragraph B of the Preamble to this Scheme;

“Transferee Company” shall have the meaning ascribed to it in paragraph A of the Preamble to this Scheme;

“Tribunal” means the Hon’ble National Company Law Tribunal, Bengaluru bench and the Hon’ble National Company Law Tribunal, Allahabad bench, as the case may be;

“Scheme” shall have the meaning ascribed to it in Clause 1.3 of this Scheme;

“Record Date” means the date to be fixed by the Board of Directors of the Transferor Company in consultation with the Board of Directors of the Transferee Company for the purpose of determining the equity shareholders of the Transferor Company to whom the shares of the Transferee Company will be allotted pursuant to this Scheme;

“Undertaking” shall mean the business of the Transferor Company on a going concern basis, consisting *inter alia* of:

- (i) all assets and properties of the Transferor Company wherever situated, including the right to use such assets and properties, whether tangible or intangible, investments, income by whatever name called, current assets (including inventories, sundry debtors, bills of exchange, loans and advances by whatever name called and of whatever nature, including accrued interest thereon etc.), vehicles, stocks and stores, furniture, fixtures, office equipment, appliances, accessories, depots, share of any joint assets, and other facilities and premises;
- (ii) Without prejudice to the generality of the foregoing clause, all properties including investments, claims, powers, authorities, allotments, approvals, consents, exemptions, registrations (including applications for obtaining all or any of the aforesaid approvals, consents, exemptions, registrations), contracts, engagements, arrangements including know-how, all permits, quotas, rights, entitlements, consents, clearances, approvals and applications obtained by the Transferor Company for the purposes of conducting its business; municipal permissions, approvals, consents, subsidies, all other intellectual properties including trademarks (including the brand name ‘Sonata’), patents, designs, copyrights, including any applications for registrations of the same and right to use such intellectual and industrial property rights trade secrets, confidential information, domain names, benefit of any deposits, privileges, all other rights including any and all direct or indirect tax benefits and exemptions and other benefits, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, facsimile connections, internet, leased line connections, and installations, utilities, electricity

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and other services, provisions and benefits of all agreements, privileges, contracts and arrangements, including technological licensing agreements, computer programs, manuals, data, catalogues, sales and advertising materials, dossiers, registered/unregistered user rights and licenses, and all other rights whether presently subsisting or hereafter accruing and other interests in connection with or relating to the Transferor Company;

- (iii) all earnest moneys and/or security deposits paid by the Transferor Company;
- (iv) all investments in stocks, shares, mutual fund units and other securities, all bills receivable in hand and in transit, all cash in hand and on current or deposit accounts (including money at call or short notice) with banks, bullion, all book debts, mortgage debts and other debts with the benefits of securities, or any guarantee therefor, all other, if any, property rights and assets, benefit of all guarantees in connection with the business of the Transferor Company;
- (v) all contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature, all records, files, papers, engineering and process information, computer programmes, software licenses, drawings, manuals, data, catalogues, quotations, promotional or advertising materials, lists of present and former clients or investors, client's credit information and other records whether in physical or electronic form;
- (vi) any and all debts, borrowings and liabilities, present or future (including deferred tax liabilities and contingent liabilities), whether secured or unsecured, of the Transferor Company and shall further include any obligations under any licenses and/or permits;
- (vii) all insurance policies; and
- (viii) the employees of the Transferor Company, including liabilities of the Transferor Company with regard to the employees, if any, with respect to gratuity or provident fund or other compensation or benefits, if any..

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4. SHARE CAPITAL STRUCTURE

4.1 The authorized, issued, subscribed and paid-up share capital structure of the Transferor Company as on March 31, 2024 is as follows:

Sonata Finance Private Limited		
Particulars	Nos.	INR.
AUTHORIZED SHARE CAPITAL		
Equity Shares of INR 10 each	4,00,00,000	40,00,00,000
Preference Shares of INR 10 each	1,00,00,000	10,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP		
Equity Shares of INR 10 each fully paid up	2,64,53,256	26,45,32,560

The entire equity share capital of the Transferor Company is held by Kotak Mahindra Bank and its nominees.

The equity shares of the Transferor Company are, at present, not listed on any stock exchanges.

4.2 The authorized, issued, subscribed and paid-up share capital structure of the Transferee Company as on March 31, 2024 is as follows:

BSS Microfinance Limited		
Particulars	Nos.	INR.
AUTHORIZED SHARE CAPITAL		
Equity Shares of INR 10 each.	3,50,00,000	35,00,00,000
Optionally Convertible Preference Shares of INR 10 each	50,00,000	5,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP		
Equity Shares of INR 10 each fully paid	2,67,28,661	26,72,86,610

The entire equity share capital of the Transferee Company is held by Kotak Mahindra Bank and its nominees.

The equity shares of the Transferee Company are at present, not listed on any stock exchange.

PART II - AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEE COMPANY

5. TRANSFER AND VESTING OF THE TRANSFEROR COMPANY ALONG WITH ITS UNDERTAKING

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- 5.1. Upon this Scheme becoming effective and with effect from the Appointed Date, subject to the provisions of this Scheme, the Transferor Company along with its Undertaking, pursuant to the provisions of Sections 230 to 232 of the Act, shall stand merged with and be vested in the Transferee Company, as a going concern, without any further act, deed or instrument.
- 5.2. Upon this Scheme becoming effective and with effect from the Appointed Date, the Undertaking of the Transferor Company (including all the estate, assets, rights, claims, title, interest authorities, all licenses, consents, approvals, permits and permissions, including accretions and appurtenances) shall, subject to the provisions in relation to the mode of vesting hereunder and pursuant to the provisions of the Act, subject to the approval from the concerned regulatory authorities (if any), without any further act, instrument or deed, be transferred to and vested in and/or deemed to have been transferred to and vested in the Transferee Company as a going concern so as to become, as and from the Appointed Date, undertaking of the Transferee Company.
- 5.3. Without prejudice to the generality of the above, upon this Scheme becoming effective and with effect from the Appointed Date:
- 5.3.1. **Transfer of assets:**
- (i) all the estate, assets, rights, claims, tenancies, title, interest and authorities comprised in the Undertaking shall, under the Sections 230 to 232 and other applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company as a going concern so as to become the estate, assets, rights, claims, tenancies, title, interest and authorities of the Transferee Company;
 - (ii) all the assets of the Transferor Company, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery of possession, payment or by endorsement and delivery, or by vesting and recordal pursuant to this Scheme, shall 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, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly;
 - (iii) all the movable properties of the Transferor Company, other than those specified in Sub-Clause (ii) above, including investments in shares, debentures, bonds, notes, units, or other debt securities of any third parties, receivables, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, or notice or further intimation to any third parties, become the property of the Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in and shall be exercised by and against the Transferee Company as effectually as if instead of the Transferor Company, the Transferee Company had issued the same, and the debtors shall be obliged to make payments to the Transferee Company;
 - (iv) in respect of such of the assets belonging to the Transferor Company other than those

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referred to in Sub-Clauses (ii) and (iii) above, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company;.

- (v) all the movable properties belonging to the Transferor Company shall be transferred by way of delivery and possession, without requiring execution of any deed or instrument of conveyance for the same. Accordingly, no stamp duty shall be payable on transfer of such properties to Transferee Company in terms of the Scheme.


5.3.2. **Transfer of Liabilities:**

- (i) all debts (whether in Indian Rupees or foreign currency), all liabilities, contingent or otherwise, duties, obligations and undertakings of the Transferor Company of any nature whatsoever (hereinafter referred to as the "Liabilities") whether provided for or not in the books of account or disclosed in the balance sheet of the Transferor Company, shall, pursuant to the applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or be deemed to have been transferred to and vested in, the Transferee Company, so as to become the Liabilities of the Transferee Company and that it shall not be necessary to obtain further consent of any third party or other person who is a party to any contract or any arrangement by virtue of which such Liabilities have arisen, in order to give effect to the provisions of this Clause. For avoidance of doubt, where any of the Liabilities as on the Appointed Date (deemed to have been transferred to the Transferee Company) have been discharged by the Transferor Company on or after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been made for and on behalf of the Transferee Company for all intent and purposes and under all applicable laws;
- (ii) all loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company after the Appointed Date and prior to the Effective Date subject to the provisions of this Scheme shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, pursuant to the applicable provisions of the Act, shall without any further act, instrument or deed be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the loans, debts, duties, undertakings, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same;
- (iii) the limits of the Transferee Company for borrowings (apart from temporary loans obtained from the bankers in the ordinary course of business) in terms of Section 180(1)(c) of the Act, shall, without any further act, instrument or deed, stand enhanced by the limit equivalent to the amount of the liabilities comprised in the Undertaking of the Transferor Company transferred to the Transferee Company.

5.3.3. **Transfer of Licenses/Approvals etc**

- (i) all the licenses, permits, quotas, approvals, permissions, registrations, incentives, and benefits, exemptions, subsidies, concessions, grants, rights, claims, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of

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by the Transferor Company, including any applications made for the aforesaid, and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date, shall, pursuant to the applicable provisions of the Act, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become, licenses, permits, quotas, approvals, permissions, registrations, incentives, and benefits, exemptions, subsidies, concessions, grants, rights, claims, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

- (ii) Since each of the licenses, permits, quotas, approvals, permissions, registrations, incentives, and benefits, exemptions, subsidies, concessions and other authorizations, shall stand vested by the order of sanction of the Tribunal in the Transferee Company, the Transferee Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the sanctioning courts.

5.3.4. Transfer of Legal Proceedings:

- (i) all suits, actions, complaints, claims and proceedings of whatsoever nature ("Legal Proceedings") by or against the Transferor Company pending and/or arising on or before the Effective Date, shall not abate, be discontinued or in any way prejudicially affected by reason of the amalgamation of the Transferor Company or because of the provisions contained in this Scheme, but the proceedings shall be continued and any prosecution shall be enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued and enforced by or against Transferor Company, had this Scheme not been made.

5.3.5. Transfer of Contracts:

- (i) all contracts, purchase orders, letter of intent, memoranda, deeds, bonds, agreements, undertakings, arrangements, assurances and other instruments of whatsoever nature, whether written or otherwise, (hereinafter referred to as the "Contracts") to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall without any further act, instrument or deed be in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

5.3.6. Transfer of Employees:

- (i) all employees of the Transferor Company shall become the employees of the Transferee Company and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Transferor Company in relation to the Undertaking and without any interruption of or break in service as a result of the transfer of the Undertaking. For the purpose of payment of any compensation, gratuity and other terminal benefits, the immediate past services of such employees with the

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Transferor Company shall also be taken into account and paid by the Transferee Company as and when the same become payable.

- (ii) in so far as the provident fund and gratuity fund and any other funds or benefits in relation to such employees are concerned, all liabilities arising from all such funds shall be on account of the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- (iii) In relation to any other fund created or existing for the benefit of the employees being transferred to the Transferee Company, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such employees.

5.3.7. Transfer of benefits of tax paid

- (i) Any tax liabilities under the Income Tax Act, 1961 including any statutory modifications, re-enactments or amendments thereof for the time being in force ("IT Act"), Goods and Services Tax, Professional Tax, erstwhile VAT and Service Tax and applicable State Tax laws or other applicable laws / regulations dealing with taxes / duties / levies (hereinafter in this Sub-Clause referred to as "Tax Laws") allocable or related to the business of the Transferor Company to the extent not provided for or covered by the provision for tax in the accounts made as on the Appointed Date shall be transferred to the Transferee Company. Any surplus in the provision for taxation / duties / levies account including advance tax and tax deducted at source (TDS) as on the Appointed Date will also be transferred to the account of the Transferee Company.
- (ii) benefits of all taxes paid including but not limited to income tax, service tax, GST, Minimum Alternate Tax ("MAT") paid under Section 115JA/115JB of the IT Act advance taxes and tax deducted at source by the Transferor Company shall, regardless of the period to which they relate, be deemed to have been paid for and on behalf of and to the credit of the Transferee Company as effectively as if the Transferee Company had paid the same and shall be deemed to be the rights/claims of the Transferee Company. The Transferee Company shall be entitled to claim credit, refund adjustment for the same as may be applicable notwithstanding that challans or records or any statutory evidence may be in the name of Transferor Company. Further, all unavailed credits, set offs, right to carry forward and set off losses and/ or unabsorbed depreciation (including book losses and/ or unabsorbed depreciation eligible to be reduced for the purpose of MAT under Section 115JB), claims for refunds under any State or Central statutes any other tax benefits (including but not limited to any expense deduction), due to Transferor Company/ which Transferor Company would have been entitled to had merger not been made effective, regardless of the period to which they may relate, shall stand transferred to the benefit of and shall be available in the hands of the Transferee Company without restrictions under the respective provisions notwithstanding that challans or records or any statutory evidence may be in the name of transferor company and all conditions fulfilled by transferor company for availing such credits, set offs, carried forward losses, refunds or any other tax benefits (including but not limited to expense deduction) shall be deemed to have been fulfilled by Transferee Company.
- (iii) the Transferee Company shall be entitled to file/revise its income tax returns, service tax returns and other statutory returns/filings/records, if required, and shall have the right to claim refunds or any other credits, (including but not limited to MAT credits,

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credit of foreign taxes paid/ withheld, TDS credits, etc.), if any, as may arise or accrue consequent to implementation of this Scheme. All the compliances done by the Transferor Company will be considered as valid compliances by Transferee Company.

- (iv) any tax deducted at source by Transferor Company/ Transferee Company on transactions with the Transferee Company/ Transferor Company, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax paid or deposited by the Transferee Company and shall, in all proceedings, be dealt with accordingly in the hands of Transferee Company (including but not limited to grant of such tax deposited as credit against total tax payable by Transferee Company while filing consolidated return of income on or after Appointed Date).
- (v) all tax assessment proceedings/ appeals of whatsoever nature by or against the Transferor Company pending and/or arising shall be continued and/or enforced by the Transferor Company until the Effective Date. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme.

5.3.8. Books and Records

- (i) all books, records, files, papers, catalogues, quotations, advertising materials, if any, lists of present and former clients and all other books and records, whether in physical or electronic form, of the Transferor Company, to the extent possible and permitted under applicable laws, be handed over to the Transferee Company.

5.4. The transfer and vesting of the Transferor Company with and into the Transferee Company under Part II of this Scheme, shall not affect the continuance of any Legal Proceedings and the effectiveness of Contracts already completed or Liabilities incurred by the Transferor Company, either prior to or on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company shall accept and adopt all acts, deeds and things done and executed by or on behalf of the Transferor Company in respect thereto as acts, deeds and things done and executed by and on behalf of itself.

5.5. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Transferor Company occurs by virtue of Part II of this Scheme itself, the Transferee Company may, at any time after the Effective Date, in accordance with the provisions hereof, if so required under applicable law or otherwise, give notice in such form, as may be required or as it may deem fit and proper or enter into or execute deeds (including deeds of adherence), confirmations, novations, declarations or other writings or documents as may be necessary and carry out and perform all such formalities and compliances, for and on behalf of the Transferor Company, including, with or in favour of and required by (i) any party to any Contract to which the Transferor Company is a party; or (ii) any Governmental Authority or non-government authority, in order to give formal effect to the provisions of this Scheme. Provided however, that execution of any confirmation or novation or other writings or arrangements shall in no event postpone the giving effect to this Scheme from the Effective Date.

6. AUTHORIZED SHARE CAPITAL

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- 6.1. The authorized share capital of the Transferee Company is sufficient to issue shares to the shareholders of the Transferor Company in accordance with Clause 7 of the Scheme. Accordingly, no increase in authorised capital is required and the scheme shall not result in combination of authorized capital of the Transferor Company and the Transferee Company.

7. CONSIDERATION

- 7.1. Subject to the approval of draft Scheme by statutory/regulatory authorities as may be applicable and the Tribunal, in consideration of the transfer and vesting of the Undertaking to the Transferee Company in terms of this Scheme, the Transferee Company shall issue and allot to the shareholders of the Transferor Company whose name is recorded in the register of members of the Transferor Company on the Record Date, 1931 (One Thousand Nine Hundred and Thirty One) equity shares in the Transferee Company of the face value of INR 10 (Indian Rupees Ten) each credited as fully paid- up for every 10000 (Ten Thousand) equity share(s) of the face value of INR 10 (Indian Rupees Ten) each held by such shareholder in the Transferor Company ("**Share Entitlement Ratio**").
- 7.2. Notwithstanding anything contained herein, in the event any shareholder of the Transferor Company having a shareholding such that such shareholder becomes entitled to a fraction of the equity shares, such fractional entitlement of equity shares, if any, will be rounded off to the nearest integer.
- 7.3. Upon this Scheme becoming effective, the equity shares of the Transferor Company held by its members shall, without any further act or deed, in accordance with provisions of the Act, be automatically cancelled or extinguished on and from the Effective Date and the order of the Tribunal sanctioning this Scheme shall be deemed to be the order confirming the cancellation/ extinguishment under applicable provisions of the Act.
- 7.4. The equity shares to be issued by the Transferee Company pursuant to this Clause shall be issued in dematerialized form.
- 7.5. It is clarified that no resolutions under the provisions of the Act shall be required to be passed by the Transferee Company separately in a general meeting for issue of shares to the shareholder of the Transferor Company under this Scheme and on the members of the Transferee Company approving this Scheme, it shall be deemed that they have given their consent to the issue of equity shares of the Transferee Company to the eligible shareholders of the Transferor Company.
- 7.6. The equity shares issued and allotted by the Transferee Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall rank *pari passu* in all respects with the then existing equity shares of the Transferee Company, including in respect of dividend, if any, that may be declared by the Transferee Company after the Effective Date.

8. CONDUCT OF BUSINESS

- 8.1. With effect from the Appointed Date and up to the close of business hours on the Effective Date:
- 8.1.1. The Transferor Company shall carry on and be deemed to carry on its business and activities and stand possessed of its properties, estates, assets, rights, title, interests and authorities for and on account of and in trust for the Transferee Company and all the profits and incomes accruing or arising to the Transferor Company and all expenditure or losses arising or incurred

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by the Transferor Company shall, for all purposes, be treated and be deemed to be the profits and incomes or expenditures and losses, as the case may be, of the Transferee Company.

- 8.1.2. All assets acquired, leased or licensed, licenses obtained, benefits, entitlements, incentives and concessions granted, Contracts entered into, Liabilities incurred and Legal Proceedings initiated or made party to, between the Appointed Date and till the Effective Date by the Transferor Company shall be deemed to be transferred and vested in the Transferee Company. Further, in connection with any transactions between the Transferor Company and the Transferee Company between the Appointed Date and up to the Effective date, if any service tax/GST has been paid by the Transferor Company, then upon this Scheme becoming effective, the Transferee Company shall be entitled to claim refund of such service tax/GST paid by the Transferor Company.
- 8.1.3. To the extent possible, pending sanction of this Scheme, the Transferor Company or the Transferee Company shall be entitled to apply to the relevant Government Authorities and other third parties concerned, as may be necessary under any law or contract for transfer or modification of such consents, approvals and sanctions which the Transferee Company may require to own and carry on the business of the Transferor Company with effect from the Effective Date and subject to this Scheme being sanctioned by the Tribunal.
- 8.1.4. The Transferor Company may undertake the sale, transfer or write off of certain assets and liabilities of the Transferor Company as a part of its ordinary business.
- 8.1.5. The Transferor Company shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber or otherwise deal with or dispose of any undertaking or any part thereof save and except in each case:
- (i) if the same is in its ordinary course of business as carried on by it as on the date of filing of this Scheme with the Tribunal; or
 - (ii) if the same is expressly permitted by this Scheme; or
 - (iii) if the prior written consent of the Board of Directors of the Transferee Company has been obtained.
- 8.1.6. Any of the rights, powers, authorities and privileges attached or related or pertaining to the Undertaking and exercised by or available to the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Undertaking that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company.
- 8.1.7. The Transferor Company shall not make any change in its capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, subdivision or consolidation, re-organisation, or in any other manner except as may be expressly permitted under this Scheme or with the prior written permission from the Transferee Company.
- 8.1.8. The Transferor Company shall not amend its Memorandum and Articles of Association, except with the prior written consent of the Transferee Company.
- 8.1.9. The Transferor Company shall carry on its business with reasonable diligence and business

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prudence and in the same manner as it had been doing hitherto.

8.2. With effect from the Effective Date:

- 8.2.1. the Transferee Company shall commence and carry on and shall be authorized to carry on the business of the Transferor Company.
- 8.2.2. the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added to the limits, if any, imposed under similar resolutions passed by Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.
- 8.2.3. The Boards of Directors of the Transferor Company and the Transferee Company shall, upon the conditions being satisfied, or upon waiver of any condition that is capable of being waived, declare this Scheme as having come into effect.

PART III - ACCOUNTING AND TAX TREATMENT

9. GENERAL ACCOUNTING TREATMENT

- 9.1. Notwithstanding anything contained in any other clause of this Scheme, on this Scheme taking effect, the Transferee Company shall account for amalgamation of the Transferor Company in its books of account as under:
 - 9.1.1. Amalgamation of the Transferor Company with the Transferee Company shall be accounted for in accordance with pooling of interest method for common control business combinations mentioned in Appendix C of Indian Accounting Standard (Ind AS) 103 - Business Combinations or any other relevant or related requirement under the Act, as may be applicable and relevant guidance, if any, issued by the Institute of Chartered Accountants of India;
 - 9.1.2. The assets and liabilities of the Transferor Company transferred and vested in the Transferee Company under this Scheme shall be recorded in the books of the Transferee Company at the value and in the same form as recorded in the books of the Transferor Company. In case of any differences in accounting policy between Transferee Company and the Transferor Company, accounting policies followed by Transferee Company shall prevail and impact of the same shall be quantified and appropriately adjusted in accordance with the accounting policies followed by the Transferee Company to ensure the financial statements reflect the financial position on the basis of consistent accounting policy;
 - 9.1.3. The identity of the reserves of the Transferor Company, shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form, in which they appeared in the financial statements of the Transferor Company;
 - 9.1.4. The Transferee Company shall credit its share capital account with the aggregate face value of the equity shares issued to the shareholders of the Transferor Company as of the Record Date pursuant to this Scheme pursuant to this Scheme as consideration for the net assets (asset minus liabilities) acquired by the Transferee Company;
 - 9.1.5. the value of share capital, if any, in the books of the Transferor Company shall stand cancelled

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pursuant to amalgamation;

- 9.1.6. the surplus/ deficit, if any arising after taking the effect of above clauses shall be transferred to "Capital Reserve/amalgamation adjustment deficit account" in the financial statements of the Transferee Company-
- 9.1.7. The inter-corporate deposits / loans and advances, if any, between the Transferee Company and the Transferor Company will stand cancelled and there shall be no further obligation in that behalf; and
- 9.1.8. The financial information in the financial statements in respect of prior periods will be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements. If business combination had occurred after that date, the prior period information will be restated only from that date.

10. TAX TREATMENT

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

PART IV - GENERAL TERMS AND CONDITIONS


11. DIVIDEND

- 11.1. The Transferor Company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective equity shareholders. Such equity shareholders shall also continue to enjoy their existing rights under the Articles of Association of their respective companies.
- 11.2. Notwithstanding anything provided in this Scheme, in case dividend (including interim dividend), is declared either by the Transferor Company or the Transferee Company prior to the Effective Date, it shall be payable to the respective shareholders whose name is recorded in the register of members of the Transferor Company and/or Transferee Company as holding equity shares on the date as may be fixed in connection with payment of such dividend.

12. SCHEME CONDITIONAL ON APPROVAL/SANCTIONS

- 12.1. This Scheme is conditional upon and subject to:
- 12.1.1. This Scheme being (i) approved by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Transferor Company and the Transferee Company as required under the Act; and (ii) sanctioned by the Tribunal.
- 12.1.2. Such other sanctions and approvals including but not limited to in principle approvals, sanctions by any Governmental Authority (in relation to transfer and vesting, by way of amalgamation, of the Transferor Company along with its Undertaking), if any, as may be required by law in respect of this Scheme being obtained; and

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- 12.2. the certified copies of the orders of the Tribunal referred to in this Scheme being filed with Registrar of Companies, Bengaluru and Registrar of Companies, Kanpur.
- 12.3. This Scheme shall become effective on such date when the certified copies of the orders of the Tribunal sanctioning this Scheme are filed with the Registrar of Companies, Bengaluru and Kanpur. Such date shall be known as the “**Effective Date**”.
- 12.4. Notwithstanding anything to the contrary contained herein, the non-receipt of any sanctions or approvals for transfer of a particular asset or liability forming part of the Transferor Company to the Transferee Company pursuant to this Scheme, shall not affect the effectiveness of this Scheme, if the Board of Directors of the Transferor Company and the Transferee Company so decide.

13. DISCHARGE OF LIABILITIES

- 13.1. The Transferor Company is commercially solvent and its Undertaking can fully take care and honour its creditors, and all liabilities, therefore by virtue of amalgamation of the Transferor Company with the Transferee Company, the creditors, if any, of the Transferee Company shall not be affected in any manner whatsoever. As on June 30, 2024, the Transferor Company does not have any secured debt.
- 13.2. In order to give effect to the foregoing provision, upon this Scheme becoming effective, the Transferee Company unconditionally and irrevocably agrees and undertakes to pay, discharge and satisfy all liabilities and obligations of the Transferor Company.
- 13.3. Further, the Transferee Company has a substantial capital and operation base and therefore upon the amalgamation of the Transferor Company with the Transferee Company, the creditors, if any, of the Transferor Company also shall not be affected in any manner whatsoever.

14. DISSOLUTION OF THE TRANSFEROR COMPANY

- 14.1. On and from the Effective Date, the Transferor Company shall stand dissolved without being wound up and without any further act or deed.

PART V - MISCELLENEOUS

15. APPLICATION TO THE TRIBUNAL AND OTHER AUTHORITIES

- 15.1. The Transferor Company and the Transferee Company shall make necessary applications before the Tribunal for sanction of the Scheme under Section 230 to 232 of the Act and other applicable laws..

16. POWER TO GIVE EFFECT TO THIS SCHEME

- 16.1. For the purpose of giving effect to the order passed under Sections 230 to 232 of the Act, in respect of this Scheme by the Tribunal, the Transferee Company shall, upon this Scheme becoming effective, be entitled to get the record of the change in the legal right(s) standing in the name of the Transferor Company, in its favour in accordance with such order and the provisions of Sections 230 to 232 of the Act. The Transferee Company shall be authorized to execute any pleadings, applications, forms, writings etc., as are required to remove any difficulties and carry out any formalities or compliance as are necessary for implementation of this Scheme, including any amendment or modification to its charter documents.

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17. MODIFICATION OR AMENDMENT TO THIS SCHEME

- 17.1. The Transferor Company and the Transferee Company may assent from time to time on behalf of all persons concerned to any modifications or amendments or additions to this Scheme or to any conditions or limitations, which either the Board of Directors of the Transferor Company and the Transferee Company deem fit, or which the Tribunal and/or any other authorities under law may deem fit to approve of or impose and which the Transferor Company and the Transferee Company may in their discretion deem fit and resolve all doubts or difficulties that may arise in carrying out and implementing this Scheme and to do, authorize and execute all acts, instruments, deeds, matters and things necessary, or to review the position relating to the satisfaction of the conditions of this Scheme and if necessary, to waive any of those (to the extent permissible under law) for bringing this Scheme into effect.
- 17.2. In the event any of the conditions that may be imposed by the Tribunal or other Governmental Authorities, which the Transferor Company and the Transferee Company may find unacceptable for any reason, or for any other reason as mutually agreed to between the Transferor Company and the Transferee Company, then the Transferor Company and the Transferee Company are at liberty to modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time. Each of the Transferee Company and the Transferor Company (acting through its respective Boards of Directors) be and is hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions, as may be mutually agreed, whether by reason of any orders of the Tribunal or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith and such determination or directions, as the case may be, shall be binding on all the parties, in the same manner as if the same were specifically incorporated in this Scheme.
- 17.3. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by their respective Boards of Directors, or a committee or committees of the concerned board of directors or any person authorized in that behalf by the concerned Boards of Directors (hereinafter referred to as "Delegates").

18. SCHEME RENDERED NULL AND VOID

- 18.1. In the event of any of the said sanctions and approvals not being obtained or waived and/or this Scheme not being sanctioned by the Tribunal, this Scheme shall become null and void, and each party shall bear its respective costs, charges and expenses in connection with this Scheme.
- 18.2. Further, the Boards of Directors of the Transferor Company and the Transferee Company, including through or by the respective Delegates shall be entitled to revoke, cancel and declare this Scheme to be of no effect if such Boards of Directors are of the view that the coming into effect of this Scheme in terms of the provisions of this Scheme or filing of the drawn-up orders with any authority could have adverse implication on Transferor Company and/or the Transferee Company.
- 18.3. In the event of this Scheme failing to take effect finally within such period or periods as may be mutually agreed upon by the respective Board of Directors of the Transferor Company and the Transferee Company who are hereby empowered and authorized to agree to and extend the aforesaid period from time to time in exercise of their powers through and by the respective Delegates, this Scheme shall stand revoked/ cancelled and be of no effect and become null and void. In that event no rights and liabilities whatsoever shall accrue to or be incurred *inter se* by the parties or the shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed

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and be preserved or worked out in accordance with the applicable law.

19. SEVERABILITY


- 19.1. In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Transferee Company and the Transferor Company and their respective shareholders and the terms and conditions of this Scheme, the latter shall prevail.
- 19.2. If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

20. EXPENSES CONNECTED WITH THIS SCHEME

- 20.1. Save and except as provided elsewhere in this Scheme, all costs, charges, taxes, levies and expenses in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be borne and paid for by the Transferee Company, unless mutually agreed by the parties otherwise.

For and on behalf of Board of Directors of

Sonata Finance Private Limited


Anjali Manjani Siddiqui
Company Secretary
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For and on behalf of Board of Directors of

BSS Microfinance Limited



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