ANNEXURE - A

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SCHEME OF ARRANGEMENT

BETWEEN

MANIPAL HEALTH SYSTEMS PRIVATE LIMITED,

ITS SHAREHOLDERS AND CREDITORS

AND

MANIPAL HEALTH ENTERPRISES PRIVATE LIMITED,

ITS SHAREHOLDERS AND CREDITORS

PART I

PRELIMINARY

A. This Scheme of Arrangement ("**Scheme**") provides for the transfer by way of de-merger of the Demerged Undertaking (defined hereinafter) of Manipal Health Systems Private Limited (i.e. the Demerged Company), having its registered office at No. 70, 2nd & 3rd Floor, Grace Towers, Above Navnit Motors, Millers Road, Bangalore 560 052, Karnataka and the merger of the same with Manipal Health Enterprises Private Limited (i.e. the Resultant Company), having its registered office at The Annexe, #98/2, Rustom Bagh, HAL Airport Road, Bangalore 560 017, Karnataka and the consequent issue of equity shares by the Resultant Company to the shareholders of the Demerged Company, pursuant to Sections 391 to 394 of the Companies Act, 1956 and other relevant provisions of the Act (defined hereinafter) in the manner provided in the Scheme.

B. The Demerged Company was incorporated on February 1, 1999, as per the provisions of the Companies Act, 1956. The Demerged Company is involved in the business of establishing, promoting or otherwise carrying on the business of running of nursing homes, hospitals, ICCU, nature-cure centres, clinics for treatment, prevention, detection and cure of diseases, ailments of all kinds.

C. The Resultant Company was incorporated on February 15, 2010, as per the provisions of the Companies Act, 1956. The Resultant Company is involved in the business of health care services, establishing, promoting and maintaining hospitals, multi-speciality health hospitals, ICCUs, health care centres for treatment, prevention, detection and cure of diseases, ailments of all kinds in India and abroad.

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D. By this Scheme it is proposed to de-merge the Demerged Undertaking out of the Demerged Company and merge the same into the Resultant Company for the purposes of better, efficient and economical management, control and running of the respective businesses of the Demerged Company and the Resultant Company, and for further development and growth of the business of the Resultant Company and for administrative convenience. The proposed demerger of the Demerged Undertaking into the Resultant Company shall result in the following, benefits, amongst others, to each of the Demerged Company and the Resultant Company and their respective members and creditors:

(i) The demerger will enable the Resultant Company to integrate its business operations and provide significant impetus to the growth of the Resultant Company. The consolidation of the Demerged Undertaking with the Resultant Company will lead to synergies of operations and a stronger and wider capital and financial base for future growth/expansion.

(ii) The demerger will result in a reduction in overheads, administrative, managerial and other expenditure, operational rationalisation, organisational efficiency and optimal utilisation of various resources by both the Demerged Company and the Resultant Company. The resulting cost savings will also enhance the profitability of the Resultant Company.

(iii) Following the demerger, the Resultant Company will offer a strong financial structure to all creditors of the Demerged Undertaking, facilitate resource mobilisation and achieve better cash flows.

(iv) The demerger will result in a significant reduction in the multiplicity of legal and regulatory compliance assessments required at present to be carried out by both the Demerged Company and the Resultant Company.

(v) The increased asset base of the Resultant Company and greater revenue inflow would be to the benefit of all the creditors of the Demerged Undertaking and the Resultant Company. Pursuant to the Scheme, the Demerged Company would also have better financial viability and clearer focus. Therefore, the Scheme would be in the interests of the creditors of the Demerged Company, the Resultant Company and the Demerged Undertaking.

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(vi) The aforementioned benefits would help in enhancing the shareholder value of both the Demerged Company and the Resultant Company.

PART II

IN CONSIDERATION OF THE RECIPROCAL PROMISES CONTAINED HEREIN, THIS SCHEME BETWEEN THE DEMERGED COMPANY AND THE RESULTANT COMPANY AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (SECURED AND UNSECURED) IS BEING PROPOSED IN ACCORDANCE WITH THE TERMS SET OUT HEREUNDER:

1. DEFINITIONS AND INTERPRETATIONS

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

1.1 "**Act**" means the Companies Act, 1956 and shall include any statutory modifications or amendment thereof and shall also include the applicable provisions of the Companies Act, 2013 as and when such corresponding sections are notified in the Official Gazette by the Central Government.

1.2 "**Ancillary Health Care Business**" shall mean all assets, properties, rights, debts, liabilities, claims, duties, obligations and businesses of the Demerged Company other than the Demerged Undertaking (defined hereinafter).

1.3 "**Appointed Date**" means the commencement of business on April 1, 2014 or such other date as may be approved by the Hon'ble High Court of Karnataka.

1.4 "**Core Health Care Businesses**" means the Demerged Company's undertakings, business activities and operations comprising:

1.4.1 construction and leasing or subleasing of health care infrastructure which is intrinsically linked with the provision of health care related services; and

1.4.2 provision of hospital management support services, which are carried on as an independent businesses with identifiable revenue streams, dedicated employees and self-supporting infrastructure, including all movable and immovable

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properties and liabilities of the said businesses, of whatsoever nature and kind and wheresoever situated, of the Demerged Company.

Without prejudice and limitation to the generality of the above, the Core Health Care Businesses shall include:

(i) Manipal Hospital situated at land bearing Survey Nos. 98, 141 & 143/1 of Kodihalli, Airport Road, Bangalore. The said hospital is constructed on the aforementioned lands admeasuring 4 Acres 39 Guntas and having a super built up area of 5,74,100 square feet;

(ii) Manipal Northside Hospital situated at Corporation No.644 and Municipal No.70, 70/1, 70/2 & 71 situated at 11th Main Road, Malleshwaram, Bangalore. The said hospital is constructed on the aforementioned lands admeasuring 21,650 square feet and having a super built up area of 35,756.50 square feet;

(iii) Leasehold rights of land situated at Survey No. 264/1, Taleigao Village, Tiswadi Taluk, Donapaula Goa and the ownership rights of the building having a super built up area of 173303.78 square feet and known as Manipal Hospital Donapaula Goa;

(iv) Nursing Hostels of the Demerged Company, briefly set out herein below:

   (a) Apartment Nos. B202, B302, B406 of RIFCO Surya Apartments, Kodihalli, HAL Main Road Bangalore;

   (b) Deepa Hostel situated at Survey No. 5, Kodihalli, HAL Main Road, Bangalore;

   (c) Jyothi Hostel situated at Survey No. 8. Kodihalli, HAL Main Road, Bangalore;

   (d) Apartment Nos. B-103, 105, 106, 107, 110, 111, 203, 311, 312, 405, 407, 411, 412, 503, 504, 505, 506, 507, 509, 510 & 511 of RIFCO Santosh Apartments, NAL Wind Tunnel Main Road, New Golf Course Road, Off Airport Road, Bangalore; and

   (e) Apartment Nos. G-2, 6, 7, B-102, 106, 302, 406, 507, 510, 602, 607, A-105, 106, 108, 208, 506, 508, 605, 606 & 608 of SNS Arcade, Survey No. 221/1 situated at Konena Agrahara Village, Bangalore;

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(v) Land and building (comprising the Demerged Undertaking's administrative office) bearing HAL Sanitary Board khata No. 640/540, New Khata No. 2 having a super built up area of 25772.44 square feet, in the land bearing Survey No. 98 of Kodihalli Village, Airport Road, Varthur Hobli. Bangalore South Taluk; and

(vi) Land and under construction building in the land bearing Survey No. RS. No. 70, T.S. No. 97 measuring 74 Cents situated at Attavar Village, Mangalore Taluk.

1.5 **"Demerged Company"** means Manipal Health Systems Private Limited having its registered office at No. 70, 2nd & 3rd Floor, Grace Towers, Above Navnit Motors, Millers Road, Bangalore 560 052, Karnataka.

1.6 **"Demerged Undertaking"** means the Demerged Company's undertakings, business, activities and operations of the Core Health Care Businesses on a going concern basis, including, without limitation, the following:

1.6.1 All the debts, liabilities (including all direct and indirect tax liabilities), claims, duties and obligations and all investments and property of, relating to or required for, the Core Health Care Businesses, wherever situated, whether moveable or immoveable, including, but not limited to, the assets and properties described in sub-clauses (i) to (vi) of Clause 1.4, cash and bank balances, benefits of agreements, current assets, rights and benefits of, relating to or required for the Core Health Care Businesses;

1.6.2 All licences, tax credits, tax losses, minimum alternate tax credit, permits, approvals, registrations or benefits under various schemes relating to tax and subsidies, registrations/approvals/licenses from any Governmental Authority, lease, tenancy rights in relation to office, permissions, office equipment, vehicles, incentives (if any), and all other rights, title, interests, rights of any nature whatsoever, contracts, agreements, consent, approvals or powers of every kind nature and description whatsoever in connection with or pertaining or relating to the Core Health Care Businesses and all deposits and or moneys paid or received by the Demerged Company in connection with or pertaining or relating to the Core Health Care Businesses and all necessary records, files, papers, engineering and process information, computer programs, drawings

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and designs, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers/tenants, customer/tenant credit information, customer/tenancy pricing information and other records in connection with or pertaining or relatable to the Core Health Care Businesses, all statutory licences, permissions, approvals or consents of the Core Health Care Businesses, all statutory and regulatory permissions, licences, environmental approvals and consents, tax registrations or other licences and consents, the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Governmental Authority, local authority or by any other person,.or availed of by the Demerged Company in connection with or pertaining or relatable to the Core Health Care Businesses;

For the purpose of this Scheme, it is clarified that liabilities pertaining to the Demerged Undertaking include:

(a) The liabilities and obligations which arise out of the activities or operations of the Core Health Care Businesses;

(b) Specific loans and borrowings raised, incurred and utilised solely for the activities or operation of the Core Health Care Businesses; and

(c) Liabilities other than those referred to in (a) and (b) above and not directly relatable to the Ancillary Health Care Businesses (as defined in Clause 1.2 above), being the amounts of general or multipurpose borrowings of the Demerged Company that is allocated to the Core Health Care Businesses;

1.6.3 All permanent employees, consultants, advisors, contractors and service providers of the Demerged Company employed in the Core Health Care Businesses as on the Effective Date; and

1.6.4 All Intellectual Property relating to the Core Health Care Businesses, including copyrights, trademarks, service marks, knowhow, technical knowhow, trade names, descriptions, trading style, franchise labels, label design, colour schemes, utility models, holograms, bar codes, designs, patents and other industrial or intellectual property rights of whatsoever nature.

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1.7 "**Effective Date**" has the meaning specified in Clause 12.2 of this Scheme.

1.8 "**Governmental Approval**" means any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, certificate, exemption, order, registration, declaration, filing, report or notice, of, with or to, as the case may be, any Governmental Authority.

1.9 "**Governmental Authority**" means any governmental, political, legislative, executive or administrative body, municipality or any local or other authority, regulatory authority, court, tribunal or arbitral tribunal, exercising powers conferred by Law in India or any other applicable jurisdiction, and shall include, without limitation, the President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same or any governmental or political subdivision thereof, the Securities Exchange Board of India, and the Reserve Bank of India.

1.10 "**Intellectual Property**" includes any registered intellectual property and/or intellectual property in respect of which registration has been applied for and is pending and any and all registrations or rights to apply for (or applications for the grant of) the same, Know-how, any patents, trademarks, service marks, designs, copyrights, moral rights and related rights, data base rights and mask works, trade or business names, internet domain names, inventions, processes, geographical indications, trade secrets, exploitation of any present or future technologies, proprietary information, and other industrial property rights, and other similar types of intellectual property rights or forms of protection having equivalent or similar effect to any of the foregoing in any part of the world whether registered or capable of registration or not and applications there for and the right to apply for the same.

Without prejudice to the generality of the foregoing, with respect to the Resultant Company, "Intellectual Property" shall include any intellectual property used by the Resultant Company in relation to the Core Health Care Businesses, whether or not such intellectual property is registered or an application for registering the same has been made in accordance with applicable Law.

1.11 "**Law**" means all applicable:

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1.11.1 statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies of any applicable jurisdiction;

1.11.2 administrative interpretation, writ, injunction, directions, directives, judgement, arbitral award, decree, orders or Governmental Approvals of, or agreements with, any Governmental Authority or recognized stock exchange; and

1.11.3 international treaties, conventions and protocols,

as may be in force from time to time.

1.12 "**Order**" means the order of the High Court of Karnataka (or such other forum or authority as may be vested with the powers of the High Court under Sections 391 to 394 of the Companies Act, 1956, or the applicable provisions of the Companies Act, 2013) sanctioning the Scheme.

1.13 "**Resultant Company**" means Manipal Health Enterprises Private Limited, having its registered office at The Annexe, #98/2, Rustom Bagh, HAL Airport Road, Bangalore 560 017, Karnataka.

1.14 "**Security Interest**" shall mean charge, mortgages, hypothecation or any encumbrance on the assets or property of Demerged Company.

1.15 "**Scheme**" or "**The Scheme**" means this Scheme of Demerger in its present form as approved by the respective boards of directors of the Demerged Company and Resultant Company subject to such modification(s) made in accordance with Clause 11 of this Scheme.

1.16 Any references in this Scheme to statutory provisions shall be construed as meaning and including references to: any statutory modification, consolidation or re-enactment made after the date of this Scheme and for the time being in force; all statutory instruments or orders made pursuant to a statutory provision; and any statutory provisions of which these statutory provisions are a consolidation, re-enactment or modification.

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2. SHARE CAPITAL

2.1 The Share Capital of the Demerged Company as on October 13, 2014 is as follows:

Particulars	Amount in Rs.
Authorised Share Capital	
5,85,00,000 equity shares of Rs. 10/- each	58,50,00,000/-
Issued, Subscribed and Paid up Share Capital	
5,59,50,739 equity shares of Rs. 10/- each	55,95,07,390/-

2.2 The Share Capital of the Resultant Company as on October 13, 2014 is as follows:

Particulars	Amount in Rs.
Authorised share capital	
(i) 75,000,000 equity shares of Rs. 10/- each; and (ii) 60,000,000 preference shares of Rs. 10/- each	1,350,000,000/-
Issued, subscribed and paid-up Share Capital	
48,657,832 equity shares of Rs. 10/- each	486,578,320/-

3. DEMERGER

3.1 Transfer and Vesting of the Demerged Undertaking

3.1.1 Upon this Scheme becoming effective, from the Appointed Date, and subject to the provisions of this Scheme, including in relation to the mode of transfer and vesting, all of the property and assets, both movable and immovable, tangible and intangible, investments, rights, title and interests comprised in the Demerged Undertaking shall be transferred, pursuant to Section 394 of the Act and without any further act or deed, to and vested in the Resultant Company as a going concern in accordance with Section 2(19AA) of the Income Tax Act, 1961, so as to become, as and from the Appointed Date, the property, estate, assets, investments, rights, title and interests of the Resultant Company. Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking shall be decided by

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mutual agreement between the respective boards of directors of the Demerged Company and the Resultant Company.

3.1.2 The mode of vesting of the assets referred to in Clause 3.1.1 is as follows:

3.1.2.1 In respect of assets that are movable in nature, including investments or other assets that are otherwise capable of transfer by manual delivery and/or by endorsement and delivery, such assets shall be transferred by the Demerged Company to the Resultant Company pursuant to the provisions of Section 394 of the Act, without requiring any deed or instrument of conveyance for the same, and, upon such transfer, such assets shall become the property, estate, assets, investments, rights, title and interest of the Resultant Company.

3.1.2.2 In respect of assets other than those referred to in Clause 3.1.2.1 above, including the immovable assets, such assets shall, without any further act, instrument or deed, be and stand transferred to and vested in and/or deemed to be transferred to and vested in the Resultant Company with effect from the Appointed Date pursuant to the provisions of Section 394 of the Act, and the relevant authorities having jurisdiction over the assets shall endorse and record the name of Resultant Company in their records so as to facilitate the implementation of the Scheme and the vesting of the Demerged Undertaking in the Resultant Company without hindrance from the Appointed Date. For the avoidance of doubt, all the rights, title and interest of the Demerged Company in any leasehold properties of the Demerged Undertaking shall, pursuant to Section 394 of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in and/or be deemed to have been transferred to and vested in the Resultant Company so as to become, as and from the Appointed Date, the right, title and interest of the Resultant Company.

3.1.2.3 Movable assets, other than those specified in Clause 3.1.2.1 above, including sundry debtors, outstanding loans, advances recoverable in cash or in kind or for value to be received, bank balances, cash balances and deposits with Governmental Authorities and other and customers shall be transferred by the Demerged Company, and shall

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become the property of the Resultant Company pursuant to the provisions of Section 394 of the Act without requiring any deed or instrument of conveyance for the same, and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which the relevant debts, loans, advances, balances or deposits have arisen in order to give effect to the provisions of this Clause. The Resultant Company may, if required, give notice in such form as it may deem fit and proper to such person, debtor or depositee that pursuant to the High Court of Karnataka having sanctioned the Scheme, the said person, debtor or depositee should pay the debt, loan, advance, balance or deposit or make good the same or hold the same to its account and that the right of the Resultant Company to recover or realise the same is in substitution of the right of the Demerged Company. The Resultant Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to implement or carry out all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

3.1.2.4 All Intellectual Property of any nature whatsoever and licenses and privileges in respect thereof, of every kind, nature and description whatsoever, of or in relation to the Demerged Undertaking or to which the Demerged Undertaking is entitled or which may accrue to the Demerged Undertaking shall, pursuant to the provisions of Section 394 of the Act, without any further act, instrument or deed, be transferred to and vested in and or be deemed to have been transferred to and vested in, and be available for use by, the Resultant Company so as to become, as and from the Appointed Date, the Intellectual Property, licenses and privileges of the Resultant Company and shall remain valid, effective and enforceable by the Resultant Company on the same terms and conditions that existed immediately prior to the transfer of such Intellectual Property.

3.1.2.5 All the licenses, permits, quotas, approvals, permissions, incentives, sales tax deferrals, loans, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status

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and other benefits or privileges enjoyed or held by or conferred upon and/or availed to, and all rights and benefits that have accrued or which may accrue to, the Demerged Undertaking shall, pursuant to the provisions of Section 394 of the Act, without any further act, instrument or deed, be transferred to and vested in and or be deemed to have been transferred to and vested in, and be available for use by the Resultant Company so as to become, as and from the Appointed Date, the licenses, permits, quotas, approvals, permissions, incentives, sales tax deferrals, loans, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status and other benefits or privileges, respectively, of the Resultant Company and shall remain valid, effective and enforceable on the same terms and conditions that existed immediately prior to the transfer to the extent permissible under law.

3.1.2.6 All contracts, deeds, bonds, agreements, arrangements, and all other instruments of whatsoever nature in relation to, or forming part of, the Demerged Undertaking or to the benefit of which the Demerged Undertaking may be entitled, which are subsisting or having effect immediately before the Effective Date, shall remain in full force and effect, against or in favour of the Resultant Company, in terms of Clause 3.3.

3.1.2.7 Upon this Scheme becoming effective, all the profits or incomes accruing or arising to the Demerged Company from the Demerged Undertaking, as and from the Appointed Date, or expenditure or losses arising or incurred (including the effect of taxes, if any, thereon) exclusively by the Demerged Undertaking shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses or taxes of the Resultant Company, as and from the Appointed Date, as the case may be.

3.1.3 It is clarified that all assets and receivables whether contingent or otherwise of the Demerged Undertaking, as on the start of business on the Appointed Date, whether provided for or not in the books of accounts, and all other assets or receivables which may accrue or arise on or after the Appointed Date but which relate to the period up to the Appointed Date shall be the assets and

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receivables of the Resultant Company. Without prejudice to the foregoing, if any assets (estate, claims, rights, title, interest in or authorities relating to the assets) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party, cannot be transferred to the Resultant Company, the Demerged Company shall hold such asset or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatever nature in trust for the benefit of the Resultant Company, until such time as the transfer is effected..

3.1.4 The assets transferred or vested under Clause 3.1.1 shall be subject to the Security Interest over the said assets created under any security documents to which the Demerged Company is a party. The Security Interest shall not extend or deemed to extend to any of the assets or to any of the other units or divisions or undertakings of the Resultant Company, unless specifically and in writing agreed to by the Resultant Company. The secured creditors of the Resultant Company shall continue to have a charge over the assets of Resultant Company and such Security Interest shall not extend to the assets of the Demerged Undertaking transferred to the Resultant Company pursuant to the Scheme unless agreed to in writing by the Resultant Company.

3.1.5 The Demerged Undertaking shall cease to form part of the assets securing any liabilities of the Demerged Company that are not liabilities that have been transferred pursuant to this Scheme, and the Demerged Company shall take all necessary steps to give effect to this Clause. Movable assets and current assets which are transferred to the Resultant Company pursuant to this Scheme as part of the Demerged Undertaking shall be subject to the floating charges granted by the Demerged Company for the liabilities relating solely to the Demerged Undertaking and on the transfer and vesting of the movable/current assets in the Resultant Company by virtue of Clause 3.1.1 of the Scheme the said floating charges shall continue as floating charges over the movable assets and currents assets of the Demerged Undertaking transferred to the Resultant Company and shall not extend or deemed to extend to any of the assets or to any of the other units or divisions or undertakings of the Resultant Company, unless expressly agreed to in writing by the Resultant Company.

3.2 Transfer of Liabilities

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Upon this Scheme becoming effective, from the Appointed Date:

3.2.1 All secured and unsecured debts (whether in Rupees or in foreign currency), all liabilities, duties and obligations of the Demerged Undertaking of the Demerged Company (hereinafter referred to as the "said Liabilities") shall, without any further act or deed, be transferred or be deemed to be transferred, to the extent they are outstanding on the Effective Date, to the Resultant Company, pursuant to the provisions of Section 394 of the Act so as to become, as and from the Appointed Date, the debts, liabilities and obligations of the Resultant Company such that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities and obligations have arisen in order to give effect to the provisions of this Clause, provided always that nothing in this Clause shall or is intended to enlarge the security for any loan or other indebtedness incurred by the Demerged Company prior to the Appointed Date, and the Resultant Company shall not be required or obliged in any manner to create any further or additional security in respect of any such loan or other indebtedness after the Appointed Date or otherwise. The Resultant Company may, at any time after this Scheme comes into effect in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds of confirmation in favour of the creditors of the Demerged Undertaking or in favour of any other party to any contract or arrangement to which the Demerged Company is a party or any writings, as may be necessary, in order to give formal effect to the above provisions. The Resultant Company shall under the provisions of the Scheme be deemed to be authorised to execute any such instruments on behalf of the Demerged Company and to implement or carry out all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

3.2.2 Any loans or other obligations due to the Demerged Company from the Resultant Company in respect of the Demerged Undertaking shall be discharged and there shall be no liability or debt in that regard after the Appointed Date.

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3.2.3 Upon the Scheme coming into effect in accordance with the provisions hereof, the borrowings, if any, of the Resultant Company as of the Appointed Date, without any further act or deed on the part of the Resultant Company, shall be enhanced by the borrowing of the Demerged Undertaking of the Demerged Company, and, if so required, the borrowing limits as enhanced may be increased from time to time by the Resultant Company.

3.2.4 All the loans advanced and other facilities sanctioned to the Demerged Company by its bankers/financial institutions prior to the Appointed Date in respect of the Demerged Undertaking which are partly drawn/utilised shall be deemed to be the loans/advances sanctioned to the Resultant Company and the said loans and advances shall be drawn/utilised either partly or fully by the Demerged Company from the Appointed Date until the Effective Date and all the loans/advances and/or other facilities so drawn by the Demerged Company in respect of the Demerged Undertaking shall, on the Effective Date, be treated as the advances and loans made available to the Resultant Company and any balance in the said accounts shall be transferred to the Resultant Company and all the obligations of the Demerged Company under any loan agreement in respect of the Demerged Undertaking shall be construed and shall become the obligation of the Resultant Company without any further act or deed on the part of the Resultant Company.

3.2.5 It is hereby clarified that the increase in the size and turnover of the Resultant Company subsequent to this Scheme shall not, of itself, have the effect of increasing any liability or penalty on the Resultant Company for any matters that arise prior to the Appointed Date.

3.2.6 All taxes, levies, cess etc. paid by the Demerged Company in respect of the Demerged Undertaking shall be treated as, and be deemed to be, taxes, levies, cess etc. paid by the Resultant Company, in terms of Clause 3.4.

3.2.7 The existing provident fund, gratuity fund, and pension and / or superannuation fund or trusts created by the Demerged Company or any other special funds created or existing for the benefit of the employees of the Demerged Undertaking shall at an appropriate stage be transferred to the relevant funds of the Resultant Company and until such time shall be maintained separately in trust for the Resultant Company.

3.3 Contracts, Deeds, Bonds and Other Instruments.

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Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements, arrangements, including, but not limited, to all direct and indirect tax exemptions and/or deferral benefits and/or any other direct or indirect tax benefits, and other instruments of whatsoever nature in respect of or forming part of the Demerged Undertaking or to the benefit of which the Demerged Undertaking may be entitled, which are subsisting or having effect immediately before the Effective Date, shall remain in full force and effect, against or in favour of the Resultant Company, as the case may be, and may be enforced as fully and effectively as if, instead of the Demerged Undertaking or the Demerged Company, as the case may be, the Resultant Company had been a party thereto. The Resultant Company and the Demerged Company shall, where necessary, enter into and/or issue and/or execute deeds, instruments or confirmation or enter into any tripartite arrangement, confirmations or novations in respect of the Demerged Undertaking in order to give formal effect to the provisions of this clause.

3.4 **Treatment of Taxes Paid by the Demerged Company in Respect of the Demerged Undertaking**

3.4.1 All taxes, levies, cess etc. (whether direct or indirect) that might have been paid, or tax deducted at source certificates that might have been received, by the Demerged Company (whether before the Appointed Date or after the Appointed Date) in respect of the Demerged Undertaking prior to Effective Date for any tax liability that arises after the Appointed Date shall be treated as, and deemed to be, tax paid by the Resultant Company and credit in respect thereof shall be given to the Resultant Company accordingly.

3.4.2 From the Effective Date, each of the Resultant Company and/or the Demerged Company may revise, if such company considers it necessary, its income tax returns to claim refunds or credits pursuant to the provisions of this Scheme. From the Effective Date, all taxes, cess or duties payable by, or on behalf of, the Demerged Company pertaining to the Demerged Undertaking from the Appointed Date onwards including all or any refunds and claims, and including the right of carry forward of accumulated losses or unabsorbed depreciation and right to claim minimum alternate tax credit, if any, of the Demerged Company pertaining to the Demerged Undertaking, shall, for all purposes, be

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treated as the tax, cess, duty, liabilities or refunds, claims, accumulated losses or unabsorbed depreciation and tax credit of the Resultant Company.

3.4.3 From the Effective Date, each of the Resultant Company and/or Demerged Company may revise, if such company considers it necessary, its sales tax returns, excise and cenvat returns, service tax returns, other tax returns and restore input credit of service tax adjusted earlier or claim refunds or credits pursuant to the provisions of this Scheme. With effect from the Effective Date, the Resultant Company is expressly permitted to claim refunds or credits on account of service tax pertaining to the Demerged Undertaking, in accordance with the Service Tax Rules.

3.4.4 In accordance with the Cenvat Credit Rules, as in force on the Effective Date, the unutilised service tax credits, if any, relating to the service tax paid on input services availed by the Demerged Company for the Demerged Undertaking shall be transferred to the credit of the Resultant Company, as if all such unutilised credits were lying to the account of the Resultant Company. The Resultant Company shall accordingly be entitled to set off all such unutilised credits against the service tax payable by it, without limitation.

3.5 Treatment of the Scheme for the Purposes of the Income Tax Act, 1961.

This Scheme has been drawn up to come within the definition of, and comply with, the conditions relating to a "Demerger" as specified under the provisions of the Income Tax Act, 1961, such that:

3.5.1 All the properties of the Demerged Undertaking being transferred by the Demerged Company become the properties of the Resultant Company by virtue of the demerger;

3.5.2 All the liabilities relating solely to the Demerged Undertaking being transferred by the Demerged Company, immediately before the demerger, become the liabilities of the Resultant Company by virtue of the demerger;

3.5.3 The properties and the liabilities, if any, being transferred by the Demerged Company are transferred to the Resultant Company at the values appearing in the books of the Demerged Company on the Appointed Date;

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3.5.4 The Resultant Company shall issue, in consideration of the demerger, its shares to the shareholders of Demerged Company that exist as on the Effective Date on a proportionate basis in the share capital of the Demerged Company;

3.5.5 Shareholders holding not less than three-fourths in value of the shares in the Demerged Company (other than the shares already held therein immediately before the demerger, or by a nominee for the Resultant Company or its subsidiary) shall become the shareholders of the Resultant Company by virtue of the Scheme; and

3.5.6 The transfer of the Demerged Undertaking to the Resultant Company will be on a going concern basis.

Pursuant to the Scheme, the Resultant Company shall also be vested with the right to claim credit for minimum alternate tax, set-off of unabsorbed depreciation and accumulated business losses (under the provisions of the Income Tax Act, 1961) pertaining to the Demerged Undertaking.

If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the Income Tax Act, 1961, at a later date, including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified or amended to the extent determined necessary to come within the definition of, and comply with, the conditions relating to a "Demerger" as specified in the Income Tax Act, 1961. In such an event, the terms of provisions which are inconsistent shall be modified or if the need arises be deemed to be deleted and such modification or deemed deletion shall not affect the other parts of the Scheme.

From the Effective Date, the Resultant Company can claim depreciation as per the provisions of the Income Tax Act, 1961 on the tax written down value of the assets relating to the Demerged Undertaking transferred by the Demerged Company pursuant to the Scheme.

4. TRANSFER OF EMPLOYEES

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On the Effective Date:

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4.1 The services of all the employees of the Demerged Company who are employed in respect of the Demerged Undertaking shall be transferred to the Resultant Company on terms and conditions not less favourable to such employees than those subsisting at the Appointed Date. The position, rank, and designation of the employees will be decided by the Resultant Company.

4.2 The services of such employees shall not be treated as broken or interrupted for the purposes of bonus, provident fund, gratuity, superannuation or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Demerged Company, as the case may be.

4.3 The Resultant Company shall have the right to transfer such employees to any unit, division, profit/cost centre or department of the Resultant Company situated anywhere in India or abroad if warranted and as may be deemed necessary from time to time.

4.4 The Resultant Company shall be substituted for the Demerged Company for all purposes whatsoever relating to the administration or operation of the existing provident fund, gratuity fund, and pension and / or superannuation fund or trusts created by the Demerged Company or any other special funds created or existing for the benefit of the employees of the Demerged Company who are employed in respect of the Demerged Undertaking in relation to the obligations to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Demerged Company in relation to such schemes or funds shall become those of the Resultant Company and, if necessary, the names of the aforesaid funds or schemes will be suitably changed. It is clarified that the services of the employees of the Demerged Company will be treated as having been continuous for the purpose of the aforesaid schemes, fund, trusts, etc. In the event that the trustees/funds are constituted as holders of any securities, trust funds or trust monies, in relation to any provident fund trust, gratuity trust or superannuation trust of the Demerged Company, such funds/securities/ monies shall be transferred by such funds or trustees of the trusts of the Demerged Company to such funds or trustees of the trusts of the Resultant Company as may be existing or set up for the same purpose and object and such transfer shall be deemed to be a transfer of trust property from one set of trustees to another set of trustees in accordance with the provisions of the relevant labour laws, Indian Trusts Act, 1882 and the Indian Income Tax Act, 1961 and relevant stamp legislation as applicable. In such case, appropriate deeds of trusts and/or documents for transfer of trust properties shall be executed simultaneously upon the sanction of the Scheme in accordance with the terms hereof by the trustees of such trusts in favour of the trusts of the Resultant Company so as to continue the benefits of the employees. For this purpose, such funds or schemes of the Demerged Company created or existing for the benefit of the employees of the Demerged Company who are employed in respect of the Demerged Undertaking may be continued and/or amalgamated with and/or transferred to the similar funds/schemes of the Resultant Company, if the Resultant Company considers so desirable or deemed fit for the smooth administration, management, operation and uniformity of such funds/schemes so provided, however, that such funds/schemes do not become less favourable to the relevant employees of the Demerged Company relative to those on the Appointed Date. The trustees, including the board of directors of the Resultant Company, shall be entitled to adopt such course of action in this regard as may be advised, provided however that there shall be no discontinuation or breakage in the service of the relevant employees of the Demerged Company.

5. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

5.1 With effect from the Appointed Date to and including the Effective Date, the Demerged Company shall be deemed to have been carrying on and shall carry on all its businesses and activities in respect of the Demerged Undertaking and shall be deemed to have held and possessed, and shall hold and possess, all of the assets of the Demerged Company that are to be transferred to the Resultant Company pursuant to this Scheme for and on account of, and in trust for, the Resultant Company. The Demerged Company hereby undertakes to hold the said assets in respect of the Demerged Undertaking with utmost prudence until the Effective Date.

5.2 With effect from the Appointed Date to and including the Effective Date, the Demerged Company shall carry on all its businesses and activities in respect of the Demerged Undertaking with all diligence, care and the utmost prudence in the ordinary course of business and shall not (without the prior written consent of the Resultant Company) alienate, charge, mortgage, encumber or otherwise deal with or dispose of any of its assets or any part thereof that are to be transferred to the Resultant Company pursuant to this Scheme.

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5.3 With effect from the Appointed Date and upto and including the Effective Date, all the profits or income accruing to the Demerged Company from the Demerged Undertaking or expenditure or losses arising or incurred or suffered by Demerged Company from the Demerged Undertaking shall, upon the coming into effect of the Scheme, for all purposes be treated and be deemed to be and accrue as the income or profits or losses or expenditure, as the case may be, of the Resultant Company, the Demerged Company shall not make any change to its capital structure either by any increase (by fresh issue of equity shares whether by way of public issue, private placement, on a rights basis, or issuance of bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may, in any way, affect the operation of the Scheme, except by prior mutual consent of the respective boards of directors of the Demerged Company and the Resultant Company (by way of an unanimous resolution of the respective boards of directors of the Demerged Company and the Resultant Company). The Resultant Company shall be entitled to make any such change to its capital structure as the board of directors of the Resultant Company deems fit.

The Demerged Company shall not declare or pay any dividend or other distribution, of any nature whatsoever, to its members on or after the Appointed Date, except with the consent of the board of directors of the Resultant Company.

5.4 The Resultant Company shall carry on the business of the Demerged Undertaking after the Effective Date.

5.5 The Demerged Company shall continue to conduct and operate the Ancillary Health Care Businesses from the Effective Date, in the manner agreed to between the Demerged Company and the Resultant Company and their respective shareholders. All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company which do not relate exclusively to the Demerged Undertaking, whether instituted prior to or after the Appointed Date, shall be continued and enforced by or against the Demerged Company after the Effective Date.

6. CONCLUDED MATTERS

The transfer and vesting of the assets and the liabilities of the Demerged Undertaking in the Resultant Company and the continuance of contracts or proceedings by or

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against the Resultant Company as provided in this Scheme shall not affect; (a) any contract or proceedings relating to such assets and the liabilities that have been fully performed and completed by the Demerged Company before the Appointed Date and the Resultant Company accepts and adopts all such acts, deeds, matters and things done and or executed by the Demerged Company in this regard; and (b) any contract or proceedings relating to the assets and the liabilities of the Demerged Company in respect of its Ancillary Health Care Businesses, and the Resultant Company shall not be liable for any of acts, deeds, matters and things in respect thereof.

7. CONSIDERATION BY THE RESULTANT COMPANY

7.1 On the Effective Date and in consideration of the Scheme, including the transfer and vesting of the Demerged Undertaking in the Resultant Company, the Resultant Company shall, without any further application or deed, issue and allot to all shareholders of the Demerged Company whose names appear in the register of members of the Demerged Company as on the Effective Date or, if applicable, to his/her/its heirs, executors, administrators or successors-in-title, as the case may be, fully paid-up equity shares of the Resultant Company in the following ratio:

"For every 247 equity shares, each having a face value of Rs. 10/-, in the Demerged Company, 40 fully paid up equity shares, each having a face value of Rs. 10/-, of the Resultant Company."

7.2 The equity shares to be issued by the Resultant Company as per the ratio set out in Clause 7.1 may be issued in physical or dematerialised form by the Resultant Company.

7.3 In case any shareholder's holding in the Demerged Company is such that such shareholder becomes entitled to a fraction of an equity share of the Resultant Company, the Resultant Company shall not issue fractional share certificates to such shareholder, and the number of equity shares of the Resultant Company to be issued to such shareholder shall be rounded to the nearest whole number.

7.4 The Resultant Company shall, if and to the extent required, apply for and obtain any and all necessary approvals from concerned Governmental Authorities for the issue and allotment by the Resultant Company of the equity shares as specified in Clause 7.1 to the shareholders of the Demerged Company. However, the approval of this Scheme by

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the shareholders and creditors of the Demerged Company and the Resultant Company under Sections 391 to 394 of the Companies Act 1956 shall also be deemed to constitute the requisite approval under sections 13, 14 and 62 and other applicable provisions of the Companies Act 2013 and any other consents and approvals required in this regard either under the Companies Act 1956 or the Companies Act 2013.

7.5 The equity shares in the Resultant Company to be issued to the members of the Demerged Company pursuant to Clause 7.1 above shall be subject to the memorandum and articles of association of the Resultant Company and shall rank *pari passu* in all respects, including as to dividend entitlement, with the existing equity shares of the Resultant Company.

8. ACCOUNTING TREATMENT

8.1 The Resultant Company shall, from the Effective Date, with effect from the Appointed Date record the assets and liabilities of the Demerged Undertaking vested in it pursuant to this Scheme at the respective book value in accordance with the applicable accounting standards.

8.2 In the books of the Demerged Company:

8.2.1 From the Effective Date, with effect from the Appointed Date, the accounts representing the assets and liabilities of the Demerged Undertaking that are to be transferred to the Resultant Company pursuant to this Scheme shall be closed on transfer to the Resultant Company, including the corporate loans, term loans, advances and borrowings relating or pertaining to the Demerged Undertaking which will be transferred in their entirety to the Resultant Company in accordance with the provisions of this Scheme. The Demerged Company will reduce the book value of its assets by the assets and liabilities pertaining to the Demerged Undertaking transferred to the Resultant Company.

8.2.2 The assets and the liabilities of the Demerged Undertaking that are to be transferred to the Resultant Company pursuant to this Scheme shall be valued at the respective values appearing in the books of account of the Demerged Company on the Appointed Date.

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8.2.3 The difference between the values of assets and liabilities of the Demerged Undertaking that are to be transferred to the Resultant Company pursuant to this Scheme shall be appropriated and adjusted against the reserves and surplus of the Demerged Company.

8.3 In the books of the Resultant Company:

8.3.1 From the Effective Date, Resultant company shall record the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in it pursuant to this Scheme, at the same value appearing in the books of the Demerged Company at the close of business of the day immediately preceding the Appointed Date.

8.3.2 The Resultant Company shall credit its share capital account with the aggregate face value of the new equity shares issued to the shareholders of the Demerged Company pursuant to Clause 7 of this Scheme.

8.3.3 The difference arising between the values of the net assets (excluding the transactions between the Demerged Company and the Resultant Company, including, but not limited to, trade receivables, short term borrowings and trade payables relatable or pertaining to the Demerged Undertaking) transferred pursuant to this Scheme and the face value of shares issued by the Resultant Company to the shareholders of the Demerged Company shall be accounted as per Accounting Standard 14.

8.3.4 In case of any differences in accounting policies between the Demerged Company and the Resultant Company, the accounting policies followed by the Resultant Company will prevail and the difference until the Appointed Date will be quantified and adjusted against the reserves and surplus of the Resultant Company, to ensure that the financial statements of the Resultant Company reflect the financial position on the basis of consistent accounting policies.

9. PENDING LEGAL PROCEEDINGS

If any suit, appeal or other proceeding of whatever nature by or against Demerged Company exclusively in respect of the Demerged Undertaking shall be pending at the Effective Date, the same shall not abate or be discontinued or be in any way

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prejudicially affected by reason of anything contained in this Scheme, but the said suit, appeal or proceeding may be continued, prosecuted and enforced by or against the Resultant Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company as if this Scheme had not been made.

10. APPLICATION TO THE HIGH COURT OF KARNATAKA

The Resultant Company and the Demerged Company shall promptly make applications to the High Court of Karnataka where the registered office of the Company is situated, to sanction this Scheme under Sections 391 to 394 of the Act and to issue the Order.

11. MODIFICATIONS/AMENDMENTS TO THE SCHEME

11.1 The Demerged Company and Resultant Company may, by agreement between their respective boards of directors by way of a unanimous resolution, make and/or consent to any modifications or amendments to the Scheme or to any conditions or limitations that the High Court of Karnataka or any other Governmental Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by both boards of directors). The Demerged Company and Resultant Company by their respective boards of directors shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of the Scheme and/or any matter concerned or connected therewith.

11.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegate(s) or representative(s) of the Resultant Company may give and are hereby authorised to determine and give all such directions as are necessary, including directions for settling or removing any question of doubt or difficulty that may arise, and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

12. SCHEME CONDITIONAL ON APPROVALS/SANCTIONS

12.1 The Scheme is conditional on and subject to:

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12.1.1 Approval of the Scheme by the requisite majority of the respective members of and such class of persons of the Demerged Company and Resultant Company as may be directed by the High Court of Karnataka on applications made for directions under section 391 of the Act;

12.1.2 Consent of the requisite majority of secured and unsecured creditors of the Demerged Company and the Resultant Company;

12.1.3 Sanctions under the provisions of Section 391 read with Section 394 of the Act being obtained by the Demerged Company and Resultant Company from the High Court of Karnataka and the Order being issued; and

12.1.4 All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

12.2 This Scheme, although to come into operation from the Appointed Date, shall not become effective until the later of:

12.2.1 The date on which the last of the consents, sanctions and approvals mentioned in Clause 12.1 shall be obtained or passed; and

12.2.2 The date on which all necessary certified copies of orders under Sections 391 and 394 of the Act shall be duly filed with the appropriate Registrar of Companies.

The last of such dates shall be the "**Effective Date**" for the purpose of this Scheme.

12.3 It is clarified that the Scheme shall become effective from the Effective Date however it shall be operative from the Appointed Date.

13. COSTS

13.1 All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or court's Order including this Scheme or in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion

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of arrangement in pursuance of this Scheme shall be borne and paid by the Resultant Company.

13.2 In the event of any of the consents, sanctions and approvals referred to in Clause 12 above not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the High Court of Karnataka and/or the Order not being issued as aforesaid before or within such further period or periods as may be agreed upon between the respective boards of directors of the Demerged Company and the Resultant Company (who are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s)) or for any other reason this Scheme cannot be made effective, this Scheme shall be revoked, cancelled, be of no effect and be null and void. No rights and liabilities shall accrue to or be incurred inter-se by the parties in terms of the Scheme. Further the boards of directors of the Demerged Company and the Resultant Company shall be entitled to revoke, cancel and declare the Scheme to be of no effect if either of such boards are of view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up Order with any authority could have serious financial implication on the Demerged Company and the Resultant Company or any of the aforesaid companies, and in such of any of the aforesaid events, each party shall bear their respective costs, charges and expenses in connection with this Scheme.

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