COMPOSITE SCHEME OF ARRANGEMENT

OF

MANIPAL HOSPITALS (JAIPUR) PRIVATE LIMITED

AND

MANIPAL HOSPITALS (WHITEFIELD) PRIVATE LIMITED

AND

MANIPAL HEALTH ENTERPRISES PRIVATE LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(UNDER SECTIONS 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013)

GENERAL

I. Purpose of Scheme

This Composite Scheme of Arrangement ("Scheme") is presented under Sections 230 to 232 read with Section 66 of the Act (defined herein after), and all other applicable provisions of the Act (defined herein after).

This Scheme is presented for:

1. Amalgamation of Manipal Hospitals (Whitefield) Private Limited into Manipal Health Enterprises Private Limited;

2. Restructuring of Equity Share Capital of Manipal Hospitals (Jaipur) Private Limited;

3. Slump Sale of Vijayawada Unit (defined herein after) of Manipal Health Enterprises Private Limited into Manipal Hospitals (Jaipur) Private Limited;

4. Demerger of Jaipur Unit (defined herein after) of Manipal Hospitals (Jaipur) Private Limited into Manipal Health Enterprises Private Limited; and

5. To undertake Ind AS related adjustments on the Scheme in the books of Manipal Health Enterprises Private Limited.

II. <u>Rationale for the Scheme</u>

The proposed amalgamation of Manipal Hospitals (Whitefield) Private Limited and acquisition of Jaipur Unit (defined herein after) of Manipal Hospitals (Jaipur) Private Limited by way of demerger into Manipal Health Enterprises Private Limited would facilitate consolidation of core hospital business under one single entity so as to enhance the value of shareholders, creditors and other stake holders of Manipal Hospitals (Whitefield) Private Limited, Manipal Hospitals (Jaipur) Private Limited and Manipal Health Enterprises Private Limited. Further, the proposed consolidation would also create greater visibility and enhance the overall performance of the combined business/ entity.

The Vijayawada Unit (defined herein after) of Manipal Health Enterprises Private Limited is in its initial years of growth and has potential for generating sustainable profits in future and also capable of attracting different set of investors, strategic partners to scale up the size, operations and specialization of the Vijayawada Unit (defined herein after). Therefore, the Vijayawada Unit (defined herein after) of Manipal Health Enterprises Private Limited is proposed to be transferred by way of Slump Sale into Manipal Hospitals (Jaipur) Private Limited.

The Ministry of Corporate Affairs has notified application of new Indian Accounting Standards "Ind AS"(defined hereinafter) for certain classes of Companies. Manipal Health Enterprises Private Limited is covered under such class and accordingly it shall carry out First time adoption of Ind AS in its books. Part F intends to address matters as may be relevant to this Scheme in the context of Manipal Health Enterprises Private Limited's Ind AS adoption.

III. **<u>Parts of the Scheme</u>**

The Scheme is divided into following parts:

1. **Part A** – dealing with definitions of the terms used in this Scheme and sets out the share capital of the Transferor Company(ies) and Transferee Company(ies) as defined in this Scheme;

2. **Part B** – dealing with the amalgamation of Manipal Hospitals (Whitefield) Private Limited with Manipal Health Enterprises Private Limited and dissolution of Manipal Hospitals (Whitefield) Private Limited;

3. **Part C** – dealing with restructuring involving capital reduction of equity shares of Manipal Hospitals (Jaipur) Private Limited;

4. **Part D** – dealing with the Slump Sale of Vijayawada Unit (defined herein after) of Manipal Health Enterprises Private Limited into Manipal Hospitals (Jaipur) Private Limited;

5. **Part E** – dealing with the demerger of Jaipur Unit (defined herein after) of Manipal Hospitals (Jaipur) Private Limited into Manipal Health Enterprises Private Limited;

6. **Part F** – dealing with Ind AS (defined herein after) related adjustments on the Scheme in the books of Manipal Health Enterprises Private Limited; and

7. **Part G** – dealing with the general terms and other conditions applicable to this Scheme and other matters consequential and integrally connected thereto.

PART A

1. DEFINITIONS

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

1.1 **"Act"** means the Companies Act, 2013 and shall include rules, any statutory modification, re-enactment or amendments thereof from time to time.

1.2 **"Appointed Date"** means January 1, 2017 or such other time and date as the Tribunal may direct / fix.

1.3 "**Board of Directors**" or "**Board**" means the board of directors of any of the Transferor Company(ies) and / or the Transferee Company(ies), as the case may be, and shall include a duly constituted committee thereof.

1.4 "**Effective Date**" or **"Upon the Scheme becoming effective"** or **"On the Scheme becoming effective"** means the last of the dates on which the certified true copies of the order of the Tribunal sanctioning the Scheme are filed with the Registrar of Companies, Karnataka, by the Transferor Company(ies) and the Transferee Company(ies) who are parties to this Scheme.

1.5 **"Free Reserves"** means such reserves not being Capital Reserve and which are freely available for distribution without limitation for all purposes of the Act, including, for example, declaration of dividends, bonus shares, buy-back of shares, etc.

1.6 **"Government Authority"** means any applicable Central, State or local Government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.

1.7 **"Indian Accounting Standards"** or **"Ind AS"** means Indian Accounting Standards notified under the Act , Rules thereof or any addendum thereto and amendments (if any) from time to time, as may be notified by Central Government through Ministry of Corporate Affairs in consultation with the National Advisory Committee and shall include National Financial Reporting Authority, as may be applicable.

1.8 **"Jaipur Unit"** means whole of the undertaking of Jaipur Unit of Manipal Hospitals (Jaipur) Private Limited as a going concern and shall mean and include, without limitation all the assets, properties whether movable or immovable, liabilities or provisions, employees and contracts of the Jaipur Unit. It is clarified that Jaipur Unit shall not include any assets, properties whether movable or immovable, liabilities or provisions, employees and contracts pertaining to Vijayawada Unit (defined herein after).

1.9 **"MHEPL"** or **"Transferee Company"** for Part B and Part E or **"Transferor Company"** for Part D of this Scheme means Manipal Health Enterprises Private Limited, a company incorporated under the Companies Act, 1956, and having its registered office at The Annexe, # 98/2, Rustombagh, HAL Airport Road, Bengaluru-560 017.

1.10 **"MHJPL"** or **"Transferee Company"** for Part D or **"Transferor Company"** for Part E of this Scheme means Manipal Hospitals (Jaipur) Private Limited, a company incorporated under the Companies Act, 1956, and having its registered office at #70, 2nd & 3rd Floor, Grace Towers, above Navnit Motors, Millers Road, Bengaluru-560 052.

1.11 **"MHWPL"** or **"Transferor Company"** for Part B of this Scheme means Manipal Hospitals (Whitefield) Private Limited, a company incorporated under the Companies Act, 1956, and having its registered office at The Annexe, No 98/2, Rustombagh, HAL Airport Road, Bengaluru-560 017.

1.12 **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme in its present form or with any modification(s) made under clause 38 of this Scheme, as approved or directed by the Tribunal.

1.13 "**Tribunal"** means the bench of the National Company Law Tribunal at Bengaluru that has been constituted under the Act having jurisdiction over the Transferor Company (ies) and the Transferee Company (ies).

1.14 "**Vijayawada Unit"** means whole of the undertaking of Vijayawada Unit of Manipal Health Enterprises Private Limited on a going concern and shall mean and include, without limitation all the assets, properties whether movable or immovable, liabilities or provisions, employees and contracts of the Vijayawada Unit.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modifications or re-enactments thereof from time to time.

2. SHARE CAPITAL

2.1 Details of the share capital of MHJPL as at March 31, 2016, is given below:

Authorized Capital	Amount (INR)
5,00,10,000 Equity Shares of INR 10/- each	50,01,00,000
Issued, Subscribed and Paid-up Capital	**Amount (INR)**
5,00,10,000 Equity Shares of INR 10/- each fully Paid-up	50,01,00,000

Subsequent to March 31, 2016, MHJPL has allotted/ issued 5,00,00,000 Equity Shares of INR 10/- each, totaling to INR 50,00,00,000. Post this issue the Authorized, Issued, Subscribed and Paid-up share capital of MHJPL is as follows:

Authorized Capital	Amount (INR)
10,00,10,000 Equity Shares of INR 10/- each	100,01,00,000
Issued, Subscribed and Paid-up Capital	**Amount (INR)**
10,00,10,000 Equity Shares of INR 10/- each fully Paid-up	100,01,00,000

2.2 Details of the share capital of MHWPL as at March 31, 2016, is given below:

Authorised Capital	Amount (INR)
10,000 Equity Shares of INR 10/- each	1,00,000
Issued, Subscribed and Paid-up Capital	**Amount (INR)**
10,000 Equity Shares of INR 10/- each fully Paid-up	1,00,000

Subsequent to March 31, 2016 there has been no change in the share capital of MHWPL.

2.3 Details of the share capital of MHEPL as at March 31, 2016, is given below:

Authorized Capital	Amount (INR)
7,50,00,000 Equity Shares of INR 10/- each	75,00,00,000
6,00,00,000 0.01% Compulsorily Convertible Preference Shares of INR 10/- each	60,00,00,000
Issued, Subscribed and Paid-up Capital	**Amount (INR)**
6,04,91,415 Equity Shares of INR 10/- each fully Paid-up	60,49,14,150
Less : Amount recoverable from MHEWT (6,81,720 Equity Shares of INR 10/- each)	(68,17,200)
5,98,09,695 Equity Shares of INR 10/- each – Fully paid up	59,80,96,950

Subsequent to March 31, 2016, MHEPL has allotted/ issued 81,97,674 Equity Shares of INR 10/- each, totaling to INR 8,19,76,740. Post this issue the Authorized, Issued, Subscribed and Paid-up share capital of MHEPL is as follows:

Authorized Capital	Amount (INR)
7,50,00,000 Equity Shares of INR 10/- each	75,00,00,000
6,00,00,000 0.01% Compulsorily Convertible Preference Shares of INR 10/- each	60,00,00,000
Issued, Subscribed and Paid-up Capital	**Amount (INR)**
6,86,89,089 Equity Shares of INR 10/- each fully paid-up	68,68,90,890
Less : Amount recoverable from MHEWT (6,81,720 Equity Shares of INR 10/- each)	(68,17,200)
6,80,07,369 Equity Shares of INR 10/- each - fully paid up	68,00,73,690

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

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

PART B

AMALGAMATION OF MANIPAL HOSPITALS (WHITEFIELD) PRIVATE LIMITED WITH MANIPAL HEALTH ENTERPRISES PRIVATE LIMITED AND DISSOLUTION OF MANIPAL HOSPITALS (WHITEFIELD) PRIVATE LIMITED

4. AMALGAMATION OF MHWPL WITH MHEPL

4.1 Upon the Scheme becoming effective but with effect from Appointed Date, MHWPL in its entirety shall, pursuant to Sections 230 to 232 of the Act and any other relevant provisions of the Act (as may be applicable) and without any further act, instrument, deed, matter, or thing, be transferred to and vested in MHEPL by way of amalgamation.

4.2 Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date, the entire business and undertaking(s) of MHWPL including all the debts, liabilities, duties and obligations, including those arising on account of taxation laws and other allied laws of MHWPL of every description and also including, without limitation, all the movable and immovable properties and assets (whether tangible or intangible) of MHWPL comprising, amongst others, all freehold land, leasehold land, building, plants, motor vehicles, receivables, actionable claims, furniture and fixtures, computers, medical, diagnostic instruments and equipment's, machineries, T.V sets, cameras, software, products, portals, inventories, merchandising rights, websites, office equipment, electrical installations, telephones, telex, facsimile and other communication facilities and business licenses, permits, deposits, authorisations, approvals, insurance cover of every description, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademark, service mark, trade secret, brands, registrations, product licenses, marketing authorisations or other intellectual property rights, proprietary right, title, interest, contracts, consent, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the applicable provisions of the Act and pursuant to the order of the Tribunal sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be transferred and/or deemed to be transferred to and vested in MHEPL, so as to become the properties, assets, rights, debts, liabilities, duties and obligations, business and undertaking(s) of MHEPL.

4.3 With effect from the Appointed Date all debts, liabilities, duties and obligations of MHWPL as on the Appointed Date whether provided for or not in the books of account of MHWPL and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the debts, liabilities, duties and obligations of MHEPL including any encumbrance on the assets of MHWPL or on any income earned from those assets.

4.4 All records, files, papers, information, computer programs, manuals, data, catalogues, quotations, advertising materials, lists of present and former patients/ customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form of MHWPL will be transferred to and vested in MHEPL by virtue of this Scheme.

4.5 With effect from the Appointed Date, all inter-party transactions between MHWPL and MHEPL shall be considered as intra-party transactions for all purposes from the Appointed Date.

4.6 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between MHWPL and MHEPL shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of MHEPL. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.

4.7 All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date and those created by MHWPL after the Appointed Date, over the assets comprised in the business and undertaking(s) or any part thereof transferred to MHEPL by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secure or relate to liabilities of MHWPL, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to MHEPL, and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other assets of MHEPL, provided however that no encumbrances shall have been created by

MHWPL over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of MHEPL.

4.8 The existing encumbrances over the assets and properties of MHEPL or any part thereof which relate to the liabilities and obligations of MHEPL prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of MHWPL transferred to and vested in MHEPL by virtue of this Scheme.

4.9 It is expressly provided that, save as herein provided, no other term or condition of the liabilities transferred to MHEPL is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

4.10 With effect from the Appointed Date, all statutory licences, registrations, incentives, tax deferrals and benefits, carry-forward of tax losses, tax credits, tax refunds, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, permissions, approvals or consents to carry on the operations of MHWPL, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by MHWPL and all rights and benefits that have accrued or which may accrue to MHWPL, whether before or after the Appointed Date shall stand vested in or transferred to MHEPL, pursuant to the Scheme, without any further act or deed and shall remain valid, effective and enforceable on the same terms and conditions and shall be appropriately mutated by the statutory authorities concerned in favour of MHEPL upon the vesting and transfer of the business and undertaking(s) of MHWPL pursuant to this Scheme.

4.11 The amalgamation of MHWPL with MHEPL, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income-tax Act, 1961. This Scheme has been drawn up to comply with the conditions relating to "amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. At a later date, if any term or provision of the Scheme is found or interpreted to be inconsistent with any provision thereof, including resulting from an amendment of law or for any reason whatsoever, the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modification will however not affect other parts of the Scheme.

5. CONSIDERATION

5.1 The entire share capital of MHWPL is held by MHEPL and its nominees. i.e. MHWPL is a wholly-owned subsidiary of MHEPL. Upon the Scheme coming into effect, all the shares of MHWPL held by MHEPL (either directly or through nominees) shall stand cancelled without any further application, act or deed. It is clarified that no new shares shall be issued or payment shall be made in cash whatsoever by MHEPL in lieu of cancellation of such shares of MHWPL.

6. STAFF, WORKMEN & EMPLOYEES

6.1 On the Scheme becoming effective, all staff, workmen and employees of MHWPL in service on the Effective Date shall be deemed to have become staff, workmen and employees of MHEPL with effect from the later of Appointed Date or the actual date of joining, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with MHEPL (i.e. cost to company basis, in monetary terms) shall not be less favourable than those applicable to them with reference to their employment with MHWPL on the Effective Date.

6.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff, workmen and employees of MHWPL shall become trusts/ funds of MHEPL for all purposes whatsoever in relation to the administration or operation of such funds/trusts or in relation to the obligation to make contributions to the said funds/trusts in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of MHWPL in relation to such funds/trusts shall become those of MHEPL. It is clarified that, for the purpose of the said funds/trusts, the services of the staff, workmen and employees of MHWPL will be treated as having been continuous with MHEPL from the date of employment as reflected in the records of MHWPL.

7. LEGAL PROCEEDINGS

7.1 If any suit, appeal or other proceeding of whatever nature by or against MHWPL is pending, including those arising on account of taxation laws and other allied laws, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this arrangement or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against MHEPL, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against MHWPL, as if this Scheme had not been made.

8. CONTRACTS, DEEDS, ETC. AND POWER TO GIVE EFFECT TO THIS PART

8.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, registrations, licenses, permissions, approvals, consents, entitlements, sanctions, permits benefits, privileges pertaining to (but not limited to) drug, medical, diagnostic and pharma industry (whether proprietary or otherwise), rights arising from contracts, deeds, licenses, instruments and agreements, if any, of whatsoever nature to which MHWPL is party to and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of MHEPL, as the case may be, and may be enforced by or against MHEPL as fully and effectually as if, instead of MHWPL, MHEPL had been a party thereto, notwithstanding the terms contained in such contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments etc.

8.2 MHEPL shall enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which MHWPL will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, MHEPL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of MHWPL and to implement or carry out all formalities required on the part of MHWPL to give effect to the provisions of this Scheme.

9. TAXATION MATTERS

9.1 All taxes (including, without limitation, income tax, wealth tax, sales tax, custom duty, service tax, value added tax, central sales tax, GST, etc.) paid or payable by MHWPL in respect of the operations or profits and assets of MHWPL before the Appointed Date, shall be on account of MHEPL and, in so far as it relates to any tax payment (including, without limitation, income tax, minimum alternate tax, dividend distribution tax, wealth tax, sales tax, custom duty, service tax, value added tax, central sales tax, GST, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by MHWPL in respect of its profits or activities or operation or assets with effect from the Appointed Date, the same be deemed to be the corresponding item paid by MHEPL and shall in all proceedings be dealt with accordingly.

9.2 Any refund under the tax laws due to MHWPL consequent to the assessment made on MHWPL and for which no credit is taken in accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by MHEPL.

9.3 MHEPL shall be entitled to revise and file income tax returns, sales tax / value added tax return, service tax returns, GST return, and any other returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. MHEPL shall be entitled to such tax benefits, including but not limited to, minimum alternate tax paid under Section 115JA/115JB of the Income-tax Act, 1961 and the right to claim credit in accordance with Section 115JAA of the Income-tax Act, 1961, including the benefit of brought forward losses or depreciation as admissible under the provisions of the Income-tax Act, 1961, including but not limited to eligibility to claim deduction for expenses under Section 40(a) and/ or 43B of the Income-tax Act, 1961 to the extent applicable, of MHWPL from the taxable profits of MHEPL with effect from the Appointed Date. Further, all existing and future benefits/ claim/ relief under the provisions of Income-tax Act, 1961 shall be available to MHEPL in the same manner and to the extent as those were available otherwise to MHWPL upon fulfilment of the prescribed conditions. MHEPL shall continue to enjoy the tax benefits and concessions provided to MHWPL by the concerned authorities.

9.4 Any refund/ credit/ claim benefits/ incentives under any tax laws due to MHWPL (including but not limited to advance tax, self-assessment tax, regular assessment tax, service tax, CENVAT, minimum alternative tax, value added tax, central sales tax, GST, etc.) shall belong to and be received by MHEPL. Without prejudice to the generality of the aforesaid provision, all the benefits under the various incentive schemes and policies that MHWPL is entitled to, in relation to its operation, shall upon the Scheme becoming effective and with effect from the Appointed Date be transferred to and vested in MHEPL and all the benefits, entitlements and incentives of any nature whatsoever, including minimum alternate tax credit entitlement, shall be claimed by MHEPL and these shall relate back to the Appointed Date as if MHEPL was originally entitled to all benefits under such incentives schemes and/ or policies.

9.5 MHEPL shall be deemed to be authorised under this Scheme to execute any pleadings, submissions, applications, forms, etc., as are required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme.

10. ACCOUNTING TREATMENT IN THE BOOKS OF MHEPL

On the Scheme becoming effective MHEPL shall account for the amalgamation of MHWPL in its books as given below:

10.1 All the assets, including but not limited to the fixed assets, intangibles and any other assets of MHWPL, subject to clause 10.6, shall be recorded in the books by MHEPL at its respective book values as at the close of the business as on the day immediately preceding the Appointed Date.

10.2 All the reserves, liabilities of MHWPL subject to clause 10.4, shall be recorded in the books by MHEPL at its respective book values as at the close of the business as on the day immediately preceding the Appointed Date.

10.3 The carrying amount of investments in the shares of MHWPL to the extent held by MHEPL and its nominees shall stand cancelled in the books of MHEPL, without any further act or deed.

10.4 The amount of any inter-company balances, amounts between MHWPL and MHEPL, appearing in the books of account of MHEPL and MHWPL shall stand cancelled without any further act or deed, upon the Scheme coming into effect.

10.5 The surplus/ deficit arising out of the value of assets as recorded in clause 10.1 over the value of reserves and liabilities as recorded in clause 10.2 and after making adjustments as mentioned in clauses 10.3 and 10.4 will be adjusted in accordance with the "Pooling of Interest method" as prescribed under Appendix C of Ind AS 103 "Business Combinations" prescribed under the Act.

10.6 In case of any differences in accounting policies between MHEPL and MHWPL the accounting policies followed by MHEPL shall prevail to ensure that the financial statements reflect the financial position on the basis of consistent accounting policies.

11. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

During the period from the Appointed Date to the Effective Date:

11.1 MHWPL shall carry on and be deemed to have carried on its respective business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of its entire businesses and undertaking(s) for and on account of and in trust for MHEPL.

11.2 MHWPL shall carry on its business and activities in the ordinary course of business with reasonable diligence and business prudence.

11.3 All the profits or income accruing or arising to MHWPL or expenditure or losses incurred or arising to MHWPL, shall for all purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of MHEPL.

11.4 MHEPL shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other Government Authorities/Agencies concerned as are necessary under any law for such consents, approvals and sanctions which MHEPL may require to carry on the business of MHWPL.

12. SAVING OF CONCLUDED TRANSACTIONS

12.1 Subject to the terms of this Scheme, the transfer and vesting of the assets and liabilities of MHWPL under clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by MHWPL before the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent that MHEPL accepts and adopts all acts, deeds and things made, done and executed by MHWPL as acts, deeds and things made, done and executed by or on behalf of MHEPL.

13. WINDING UP

13.1 On the Scheme becoming effective, MHWPL shall stand dissolved, without being wound-up.

PART C

RESTRUCTURING INVOLVING CAPITAL REDUCTION OF EQUITY SHARES OF MANIPAL HOSPITALS (JAIPUR) PRIVATE LIMITED

14. CAPITAL REDUCTION OF EQUITY SHARES OF MANIPAL HOSPITALS (JAIPUR) PRIVATE LIMITED

14.1 The rationale for financial reduction of equity share capital of Manipal Hospitals (Jaipur) Private Limited is as under:

14.1.1 MHJPL had acquired the hospital and post-acquisition MHJPL incurred significant losses on account of expansion, diversification, stiff competition, increase in staff cost and financial cost to fund the acquisition.

14.1.2 In order to show true and fair view of the balance sheet, it is prudent that out of the total accumulated losses INR 100 crore be set-off against the paid-up capital of MHJPL as on the Appointed Date, in accordance with the provisions of Section 66 of the Act.

14.1.3 The restructuring will help MHJPL to reflect better operational efficiency and reflect a true and fair view and positive impact on the key financial ratios of MHJPL.

14.2 The restructuring is proposed in the form of reduction of equity capital of MHJPL and will not cause any prejudice to the creditors of MHJPL. The creditors of MHJPL are in no way affected by the proposed restructuring by way of reduction of equity share capital as there is no reduction in the amount of payable to any of the creditors, no compromise or arrangement is contemplated with the creditors. Further, there is no actual outflow of funds of MHJPL and the proposed restructuring would not in any way adversely affect the ordinary operations of MHJPL or the ability to honour its commitments or to pay its debts in the ordinary course of business.

14.3 The reduction of equity share capital as aforesaid shall be effected as a part of the Scheme only as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital.

14.4 It is clarified that reduction of equity share capital is for zero consideration and it involves complete extinguishment of liability of MHJPL towards such equity shares.

14.5 The reduction of the equity share capital as aforesaid shall be effected as a part of the Scheme itself and not under a separate procedure in terms of Section 66 of the Act, and the order of the Tribunal sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction.

14.6 Accordingly, upon the Scheme coming in to effect, and with effect from the Appointed Date, the issued, subscribed and paid up share capital of MHJPL shall stand cancelled by 10,00,00,000 equity shares of INR 10/- each, without any further act or deed. On such cancellation as provided in this clause the issued, subscribed and paid-up equity share capital shall stand reduced by INR 100,00,00,000. The capital structure shall be as under:

Pre Reduction:

Authorized Capital	Amount (INR)
10,00,10,000 Equity Shares of INR 10/- each	100,01,00,000
Issued, Subscribed and Paid-up Capital	Amount (INR)
10,00,10,000 Equity Shares of INR 10/- each fully Paid-up	100,01,00,000

Post Reduction:

Authorized Capital	Amount (INR)
10,00,10,000 Equity Shares of INR 10/- each	100,01,00,000
Issued, Subscribed and Paid-up Capital	Amount (INR)
10,000 Equity Shares of INR 10/- each fully Paid-up	1,00,000

PART D

SLUMP SALE OF VIJAYAWADA UNIT OF MANIPAL HEALTH ENTERPRISES PRIVATE LIMITED INTO MANIPAL HOSPITALS (JAIPUR) PRIVATE LIMITED

15. TRANSFER AND VESTING OF VIJAYAWADA UNIT

15.1 Upon the Scheme becoming effective but with effect from Appointed Date, the Vijayawada Unit of MHEPL in its entirety shall, pursuant to Sections 230 to 232 of the Act and any other relevant provisions of the Act (as may be applicable) and without any further act, instrument, deed, matter, or thing, be transferred to and vested in MHJPL by way of Slump Sale on a "going concern basis" for lump sum consideration as set out hereinafter in the Scheme.

15.2 Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date, the entire business and undertaking pertaining to Vijayawada Unit of MHEPL including all the debts, liabilities, duties and obligations, including those arising on account of taxation laws and other allied laws, pertaining to Vijayawada Unit of MHEPL of every description and also including, without limitation, all the movable and immovable properties and assets (whether tangible or intangible) pertaining to Vijayawada Unit of MHEPL comprising, amongst others, all freehold land, leasehold land, building, plants, motor vehicles, receivables, actionable claims, furniture and fixtures, computers, medical, diagnostic instruments and equipment's, machineries, T.V sets, cameras, software, products, portals, inventories, merchandising rights, websites, office equipment, electrical installations, telephones, telex, facsimile and other communication facilities and business licenses, permits, deposits, authorisations, approvals, insurance cover of every description, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademark, service mark, trade secret, brands, registrations, product licenses, marketing authorisations or other intellectual property rights, proprietary right, title, interest, contracts, consent, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the applicable provisions of the Act, and pursuant to the order of the Tribunal sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be transferred and/or deemed to be transferred to and vested in MHJPL, so as to become the properties, assets, rights, debts, liabilities, duties and obligations, business and undertaking of MHJPL.

15.3 All records, files, papers, information, computer programs, manuals, data, catalogues, quotations, advertising materials, lists of present and former patients/ customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form pertaining to Vijayawada Unit of MHEPL will be transferred to and vested in MHJPL by virtue of this Scheme.

15.4 With effect from the Appointed Date all debts, liabilities, duties and obligations pertaining to Vijayawada Unit of MHEPL as on the Appointed Date provided for in the books of account of MHEPL and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the debts, liabilities, duties and obligations of MHJPL including any encumbrance on the assets pertaining to Vijayawada Unit of MHEPL or on any income earned from those assets.

15.5 With effect from the Appointed Date, all inter-party transactions between the Vijayawada Unit of MHEPL and MHJPL shall be considered as intra-party transactions for all purposes from the Appointed Date.

15.6 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Vijayawada Unit of MHEPL and MHJPL shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of MHJPL and MHEPL. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.

15.7 All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date and those created by MHEPL for Vijayawada Unit after the Appointed Date, over the assets comprised in Vijayawada Unit or any part thereof transferred to MHJPL by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secure or relate to liabilities of Vijayawada Unit , the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to MHJPL, and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other assets of MHJPL, provided however that no encumbrances shall have been created by Vijayawada Unit of MHEPL over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of MHJPL.

The existing encumbrances over the assets and properties of MHJPL or any part thereof which relate to the liabilities and obligations of MHJPL prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Vijayawada Unit of MHEPL transferred to and vested in MHJPL by virtue of this Scheme.

15.8 It is expressly provided that, save as herein provided, no other term or condition of the liabilities of Vijayawada Unit of MHEPL transferred to MHJPL is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

15.9 With effect from the Appointed Date, all statutory licences, registrations, incentives, tax deferrals and benefits, carry-forward of tax losses, tax credits, tax refunds, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, permissions, approvals or consents to carry on the operations of the Vijayawada Unit of MHEPL, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by Vijayawada Unit of MHEPL and all rights and benefits that have accrued or which may accrue to Vijayawada Unit of MHEPL, whether before or after the Appointed Date shall stand vested in or transferred to MHJPL, pursuant to the Scheme, without any further act or deed and shall remain valid, effective and enforceable on the same terms and conditions and shall be appropriately mutated by the statutory authorities concerned in favour of MHJPL upon the vesting and transfer of the Vijayawada Unit of MHEPL pursuant to this Scheme.

15.10 The slump sale of Vijayawada Unit of MHEPL into MHJPL, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(42C) of the Income-tax Act, 1961. This Scheme has been drawn up to comply with the conditions relating to "slump sale" as specified under Section 2(42C) of the Income-tax Act, 1961. At a later date, if any term or provision of the Scheme is found or interpreted to be inconsistent with any provision thereof, including resulting from an amendment of law or for any reason whatsoever, the Scheme shall stand modified to the extent determined necessary to comply with Section 2(42C) of the Income-tax Act, 1961. Such modification will however not affect other parts of the Scheme.

16. STAFF, WORKMEN AND EMPLOYEES

16.1 On the Scheme becoming effective, all staff, workmen and employees of the Vijayawada Unit of MHEPL in service on the Effective Date shall be deemed to have become staff, workmen and employees of MHJPL with effect from later of the Appointed Date or actual date of joining, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with MHJPL (i.e. cost to company basis, in monetary terms) shall not be less favourable than those applicable to them with reference to their employment with Vijayawada Unit of MHEPL on the Effective Date.

16.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff, workmen and employees of Vijayawada Unit of MHEPL shall become trusts/ funds of MHJPL for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said funds/ trusts in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of Vijayawada Unit of MHEPL in relation to such funds/trusts shall become those of MHJPL. It is clarified that, for the purpose of the said funds/trusts, the services of the staff, workmen and employees of Vijayawada Unit of MHEPL will be treated as having been continuous with MHJPL from the date of employment as reflected in the records of Vijayawada Unit of MHEPL.

17. LEGAL PROCEEDINGS

17.1 If any suit, appeal or other proceeding of whatever nature by or against Vijayawada Unit of MHEPL is pending, including those arising on account of taxation laws and other allied laws, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this arrangement or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against MHJPL, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Vijayawada Unit of MHEPL, as if this Scheme had not been made.

18. CONTRACTS, DEEDS, ETC. AND POWER TO GIVE EFFECT TO THIS PART

18.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, registrations, licenses, permissions, approvals, consents, entitlements, sanctions, permits benefits, privileges pertaining to drug, medical, diagnostic and pharma industry (whether proprietary or otherwise), rights arising from contracts, deeds, licenses, instruments and agreements, if any, of whatsoever nature to which Vijayawada Unit of MHEPL is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of MHJPL, as the case may be, and may be enforced by or against MHJPL as fully and effectually as if, instead of Vijayawada Unit of MHEPL, MHJPL had been a party thereto, notwithstanding the terms contained in such contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments.

18.2 MHJPL shall enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which MHEPL will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, MHJPL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Vijayawada Unit of MHEPL and to implement or carry out all formalities required on the part of Vijayawada Unit of MHEPL to give effect to the provisions of this Scheme.

19. TAXATION MATTERS

19.1 All taxes (including, without limitation, income tax, wealth tax, sales tax, custom duty, service tax, value added tax, central sales tax, GST, etc.) paid or payable by Vijayawada Unit of MHEPL in respect of the operations or profits or assets of Vijayawada Unit of MHEPL from the Appointed Date, shall be on account of MHJPL and, in so far as it relates to any tax payment (including, without limitation, income tax, minimum alternate tax, dividend distribution tax, wealth tax, sales tax, custom duty, service tax, value added tax, central sales tax, GST, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by Vijayawada Unit of MHEPL in respect of its profits or activities or operation or assets with effect from the Appointed Date, the same be deemed to be the corresponding item paid by MHJPL, and shall in all proceedings be dealt with accordingly.

19.2 MHEPL and/or MHJPL shall be entitled to revise and file income tax returns, sales tax / value added return, service tax returns, GST return, and other returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. MHJPL shall be entitled to such tax benefits, including the benefit of depreciation as admissible under the provisions of the Income-tax Act, 1961 to the extent applicable, of Vijayawada Unit of MHEPL from the taxable profits of MHJPL with effect from the Appointed Date. Further, all existing and future benefits/ claim/ relief under the provisions of Income-tax Act, 1961 shall be available to MHJPL in the same manner and to the extent as those were available otherwise to Vijayawada Unit of MHEPL upon fulfilment of the prescribed conditions. MHJPL shall continue to enjoy the tax benefits and concessions provided to Vijayawada Unit of MHEPL by the concerned authorities.

19.3 MHJPL shall be deemed to be authorised under this Scheme to execute any pleadings, submissions, applications, forms, etc., as are required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme.

20. CONSIDERATION

20.1 The lumpsum consideration for the slump sale of Vijayawada Unit of MHEPL into MHJPL is INR 48,55,89,442/- (Forty eight crore fifty five lakhs eighty nine thousand four hundred and forty two only).

20.2 Upon this Scheme becoming effective, MHJPL shall discharge consideration by way of issue/ allotment of its equity shares, without any further application or deed, issue and allot equity shares, credited as fully paid-up, to the extent indicated below, to MHEPL ("New Equity shares"), as under:

> *"4,85,58,944 (Four crore eighty five lakh fifty eight thousand nine hundred and forty four) fully paid-up equity share of INR 10/- each of MHJPL shall be issued and allotted to MHEPL at par"*

20.3 The New Equity shares to be issued to MHEPL pursuant to clause 20.2 shall be in multiples of 1. Any issue of fractional shares, shall be rounded-off to the nearest whole number.

20.4 The New Equity shares to be issued to MHEPL under clause 20.2 above shall be subject to the Memorandum and Articles of Association of MHJPL and shall rank pari passu with the existing equity shares of MHJPL in all respects including dividend, save and except that the said equity shares shall be eligible for dividend for the period commencing after the Effective Date.

20.5 Subject to the provisions of clauses above, MHJPL shall, if necessary, suitably increase its authorised share capital for allotment of New Equity shares to MHEPL.

21. ACCOUNTING TREATMENT IN THE BOOKS OF MHJPL

21.1 Upon the Scheme becoming effective, MHJPL shall, record all the assets and liabilities pertaining to the Vijayawada Unit of MHEPL vested in it pursuant to this Scheme, at their respective book values as at the close of the business as on the day immediately preceding the Appointed Date .

21.2 The face value of the New Equity shares of MHJPL issued pursuant to this Scheme shall be credited to the Equity Share Capital account in the books of MHJPL.

21.3 Surplus/ deficit arising out of the value of assets and liabilities as recorded in clause 21.1 and the face value of New Equity shares issued as mentioned in clause 21.2 will be adjusted in accordance with the "Pooling of Interest Method" as prescribed under Appendix C of Ind AS 103 "Business Combinations" prescribed under the Act.

21.4 In case of any differences in accounting policies between MHEPL and MHJPL the accounting policies followed by MHJPL shall prevail to ensure that the financial statements reflect the financial position on the basis of consistent accounting policies.

22. ACCOUNTING TREATMENT IN THE BOOKS OF MHEPL

22.1 Upon the Scheme becoming effective, the book value of all assets and liabilities which cease to be assets and liabilities of MHEPL shall be reduced by MHEPL at their respective book values.

22.2 The face value of the New Equity shares of MHJPL received pursuant to this Scheme shall be debited to the Investment in MHJPL Account in the books of MHEPL.

22.3 Surplus/ deficit arising out of the value of assets and liabilities as transferred as per clause 22.1 and post enhancing the face value of New Equity shares of MHJPL received as per clause 22.2 will be adjusted in accordance with the "Pooling of Interest Method" as prescribed under Appendix C of Ind AS 103 "Business Combinations" prescribed under the Act.

23. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

During the period from the Appointed Date to the Effective Date:

23.1 MHEPL shall carry on and be deemed to have carried on business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of Vijayawada Unit for and on account of and in trust for MHJPL.

23.2 MHEPL shall carry on its business and activities in the ordinary course of business of Vijayawada Unit with reasonable diligence and business prudence.

23.3 All the profits or income accruing or arising to MHEPL pertaining to Vijayawada Unit or expenditure or losses incurred or arising to MHEPL pertaining to Vijayawada Unit, shall for all purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of MHJPL.

23.4 MHJPL shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other Government Authorities/Agencies concerned as are necessary under any law for such consents, approvals and sanctions which MHJPL may require to carry on the business of Vijayawada Unit of MHEPL.

24. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of Vijayawada Unit of MHEPL under clause 15 of this Scheme shall not affect any transactions or proceedings already concluded by Vijayawada Unit of MHEPL on or from the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent that MHJPL accepts and adopts all acts, deeds and things made, done and executed by Vijayawada Unit of MHEPL as acts, deeds and things made, done and executed by or on behalf of MHJPL.

PART E

DEMERGER OF JAIPUR UNIT OF MANIPAL HOSPITALS (JAIPUR) PRIVATE LIMITED INTO MANIPAL HEALTH ENTERPRISES PRIVATE LIMITED

25. TRANSFER AND VESTING OF JAIPUR UNIT

25.1 Post giving effect to Part C and D of this Scheme, but with effect from Appointed Date, the Jaipur Unit of MHJPL in its entirety shall, pursuant to Sections 230 to 232 of the Act and any other relevant provisions of the Act (as may be applicable) and without any further act, instrument, deed, matter, or thing, be transferred to and vested in MHEPL by way of demerger on a "going concern basis".

25.2 Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date, the entire business and undertaking pertaining to Jaipur Unit of MHJPL including all the debts, liabilities, duties and obligations, including those arising on account of taxation laws and other allied laws, pertaining to Jaipur Unit of MHJPL of every description and also including, without limitation, all the movable and immovable properties and assets (whether tangible or intangible) pertaining to Jaipur Unit of MHJPL comprising, amongst others, all freehold land, leasehold land, building, plants, motor vehicles, receivables, actionable claims, furniture and fixtures, computers, medical, diagnostic instruments and equipment's, machineries, T.V sets, cameras, software, products, portals, Inventories, merchandising rights, websites, office equipment, electrical installations, telephones, telex, facsimile and other communication facilities and business licenses, permits, deposits, authorisations, approvals, insurance cover of every description, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademark, service mark, trade secret, brands, registrations, product licenses, marketing authorisations or other intellectual property rights, proprietary right, title, interest, contracts, consent, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the applicable provisions of the Act, and pursuant to the order of the Tribunal sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be transferred and/or deemed to be transferred to and vested in MHEPL, so as to become the properties, assets, rights, debts, liabilities, duties and obligations, business and undertaking of MHEPL.

25.3 With effect from the Appointed Date all debts, liabilities, duties and obligations pertaining to Jaipur Unit of MHJPL as on the Appointed Date provided for in the books of account of MHJPL and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the debts, liabilities, duties and obligations of MHEPL including any encumbrance on the assets pertaining to Jaipur Unit of MHJPL or on any income earned from those assets.

25.4 All records, files, papers, information, computer programs, manuals, data, catalogues, quotations, advertising materials, lists of present and former patients/ customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form pertaining to Jaipur Unit of MHJPL will be transferred to and vested in MHEPL by virtue of this Scheme.

25.5 With effect from the Appointed Date, all inter-party transactions between the Jaipur Unit of MHJPL and MHEPL shall be considered as intra-party transactions for all purposes from the Appointed Date.

25.6 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Jaipur Unit of MHJPL and MHEPL shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of MHEPL and MHJPL. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.

25.7 All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date and those created by MHJPL for Jaipur Unit after the Appointed Date, over the assets comprised in Jaipur Unit or any part thereof transferred to MHEPL by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secure or relate to liabilities of Jaipur Unit , the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to MHEPL, and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other assets of MHEPL, provided however that no encumbrances shall have been created by

Jaipur Unit of MHJPL over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of MHEPL.

25.8 The existing encumbrances over the assets and properties of MHEPL or any part thereof which relate to the liabilities and obligations of MHEPL prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Jaipur Unit of MHJPL transferred to and vested in MHEPL by virtue of this Scheme.

25.9 It is expressly provided that, save as herein provided, no other term or condition of the liabilities of Jaipur Unit of MHJPL transferred to MHEPL is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

25.10 With effect from the Appointed Date, all statutory licences, registrations, incentives, tax deferrals and benefits, carry-forward of tax losses, tax credits, tax refunds, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, permissions, approvals or consents to carry on the operations of the Jaipur Unit of MHJPL, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by Jaipur Unit of MHJPL and all rights and benefits that have accrued or which may accrue to Jaipur Unit of MHJPL, whether before or after the Appointed Date shall stand vested in or transferred to MHEPL, pursuant to the Scheme, without any further act or deed and shall remain valid, effective and enforceable on the same terms and conditions and shall be appropriately mutated by the statutory authorities concerned in favour of MHEPL upon the vesting and transfer of the Jaipur Unit of MHJPL pursuant to this Scheme.

25.11 The demerger of Jaipur Unit of MHJPL into MHEPL, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(19AA) of the Income-tax Act, 1961. This Scheme has been drawn up to comply with the conditions relating to "demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. At a later date, if any term or provision of the Scheme is found or interpreted to be inconsistent with any provision thereof, including resulting from an amendment of law or for any reason whatsoever, the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect other parts of the Scheme.

26. STAFF, WORKMEN AND EMPLOYEES

26.1 On the Scheme becoming effective, all staff, workmen and employees of the Jaipur Unit of MHJPL in service on the Effective Date shall be deemed to have become staff, workmen and employees of MHEPL with effect from later of the Appointed Date or the actual date of joining, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with MHEPL (i.e. Cost to company basis, in monetary terms) shall not be less favourable than those applicable to them with reference to their employment with Jaipur Unit of MHJPL on the Effective Date.

26.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff, workmen and employees of Jaipur Unit of MHJPL shall become trusts/ funds of MHEPL for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said funds/trusts in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of Jaipur Unit of MHJPL in relation to such funds/trusts shall become those of MHEPL. It is clarified that, for the purpose of the said funds/trusts, the services of the staff, workmen and employees of Jaipur Unit of MHJPL will be treated as having been continuous with MHEPL from the date of employment as reflected in the records of Jaipur Unit of MHJPL.

27. LEGAL PROCEEDINGS

27.1 If any suit, appeal or other proceeding of whatever nature by or against Jaipur Unit of MHJPL is pending, including those arising on account of taxation laws and other allied laws, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the arrangement by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against MHEPL, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Jaipur Unit of MHJPL, as if this Scheme had not been made.

28. CONTRACTS, DEEDS, ETC. AND POWER TO GIVE EFFECT TO THIS PART

28.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, registrations, licenses, permissions, approvals, consents, entitlements, sanctions, permits benefits, privileges pertaining to drug, medical, diagnostic and pharma industry (whether proprietary or otherwise), rights arising from contracts, deeds, licenses, instruments and agreements, if any, of whatsoever nature to which Jaipur Unit of MHJPL is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of MHEPL, as the case may be, and may be enforced by or against MHEPL as fully and effectually as if, instead of Jaipur Unit of MHJPL, MHEPL had been a party thereto, notwithstanding the terms contained in such contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments.

28.2 MHEPL shall enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which MHJPL will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, MHEPL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Jaipur Unit of MHJPL and to implement or carry out all formalities required on the part of Jaipur Unit of MHJPL to give effect to the provisions of this Scheme.

29. TAXATION MATTERS

29.1 All taxes (including, without limitation, income tax, wealth tax, sales tax, custom duty, service tax, value added tax, central sales tax, GST, etc.) paid or payable by Jaipur Unit of MHJPL in respect of the operations or profits or assets of Jaipur Unit of MHJPL before and/or from the Appointed Date (as applicable), shall be on account of MHEPL and, in so far as it relates to any tax payment (including, without limitation, income tax, minimum alternate tax, dividend distribution tax, wealth tax, sales tax, custom duty, service tax, value added tax, central sales tax, GST, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by Jaipur Unit of MHJPL in respect of its profits or activities or operation or assets with effect from the Appointed Date, the same be deemed to be the corresponding item paid by MHEPL, and shall in all proceedings be dealt with accordingly.

29.2 Any refund under the tax laws due to Jaipur Unit of MHJPL consequent to the assessment made on Jaipur Unit of MHJPL and for which no credit is taken in accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by MHEPL.

29.3 MHJPL/MHEPL (as applicable) shall be entitled to revise and file income tax returns, sales tax / value added tax return, service tax returns, GST returns, and other returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. MHEPL shall be entitled to such tax benefits including the benefit of brought forward losses or depreciation as admissible under the provisions of the Income-tax Act, 1961 to the extent applicable, including but not limited to eligibility to claim deduction for expenses under Section 40(a) and/ or 43B of the Income-tax Act, 1961, of Jaipur Unit of MHJPL from the taxable profits of MHEPL with effect from the Appointed Date. Further, all existing and future benefits/ claim/ relief under the provisions of Income-tax Act, 1961 shall be available to MHEPL in the same manner and to the extent as those were available otherwise to Jaipur Unit of MHJPL upon fulfilment of the prescribed conditions. MHEPL shall continue to enjoy the tax benefits and concessions provided to Jaipur Unit of MHJPL by the concerned authorities.

29.4 Any refund/ credit/ claim benefits/ incentives under any tax laws due to Jaipur Unit of MHJPL (including but not limited to advance tax, self-assessment tax, regular assessment tax, service tax, CENVAT, minimum alternative tax, value added tax, central sales tax, GST, etc.) shall belong to and be received by MHEPL. Without prejudice to the generality of the aforesaid provision, all the benefits under the various incentive Schemes and policies that Jaipur Unit of MHJPL is entitled to, in relation to their operation, shall upon the Scheme becoming effective and with effect from the Appointed Date be transferred to and vested in MHEPL and all the benefits, entitlements and incentives of any nature whatsoever, including minimum alternate tax credit entitlement, shall be claimed by MHEPL and these shall relate back to the Appointed Date as if MHEPL was originally entitled to all benefits under such incentives schemes and/ or policies.

29.5 MHEPL shall be deemed to be authorised under this Scheme to execute any pleadings, submissions, applications, forms, etc., as are required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme.

30. CONSIDERATION

30.1 The entire share capital of MHJPL is held by MHEPL and its nominees. i.e. MHJPL is a wholly-owned subsidiary of MHEPL. Upon the Scheme becoming effective, no shares of MHEPL shall be allotted in lieu or exchange for the demerger of Jaipur Unit of MHJPL, as the entire share capital of MHJPL is held by MHEPL.

31. ACCOUNTING TREATMENT IN THE BOOKS OF MHEPL

31.1 Upon the Scheme becoming effective, MHEPL shall, record all the assets and liabilities pertaining to the Jaipur Unit of MHJPL vested in it pursuant to this Scheme, at their respective book values as at the close of the business as on the day immediately preceding the Appointed Date.

31.2 The excess or deficit of the value of Net Assets of Jaipur Unit of MHJPL recorded by MHEPL will be adjusted in accordance with the "Pooling of Interest Method" as prescribed under Appendix C of Ind AS 103 "Business Combinations" prescribed under the Act.

Explanation:
"Net Assets" shall be computed as the book value of the assets of MHJPL pertaining to the Jaipur Unit transferred to MHEPL less the book value of the liabilities pertaining to Jaipur Unit transferred to MHEPL.

31.3 In case of any differences in accounting policies between MHJPL and MHEPL, the accounting policies followed by MHEPL shall prevail to ensure that the financial statements reflect the financial position on the basis of consistent accounting policies.

32. ACCOUNTING TREATMENT IN THE BOOKS OF MHJPL

32.1 Upon the Scheme becoming effective, the excess or deficit of the value of Net Assets of Jaipur Unit of MHJPL transferred to MHEPL pursuant to the Scheme will be adjusted in accordance with the "Pooling of Interest Method" as prescribed under Appendix C of Ind AS 103 "Business Combinations" prescribed under the Act.

32.2 If the adjustment as detailed in clause 32.1 of this Scheme results in surplus, then such surplus shall be adjusted against the Retained Earnings Profit and Loss Account (to the extent of debit balance) as appearing in the Balance Sheet of MHJPL as on Appointed Date.

33. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

During the period from the Appointed Date to the Effective Date:

33.1 MHJPL shall carry on and be deemed to have carried on its respective business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of Jaipur Unit for and on account of and in trust for MHEPL.

33.2 MHJPL shall carry on its respective business and activities in the ordinary course of business of Jaipur Unit with reasonable diligence and business prudence.

33.3 All the profits or income accruing or arising to MHJPL pertaining to Jaipur Unit or expenditure or losses incurred or arising to MHJPL pertaining to Jaipur Unit, shall for all purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of MHEPL.

33.4 MHEPL shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other Government Authorities/Agencies concerned as are necessary under any law for such consents, approvals and sanctions which MHEPL may require to carry on the business of Jaipur Unit of MHJPL.

34. SAVING OF CONCLUDED TRANSACTIONS

34.1 Subject to the terms of this Scheme, the transfer and vesting Jaipur Unit of MHJPL under clause 25 of this Scheme shall not affect any transactions or proceedings already concluded by Jaipur Unit of MHJPL on or from the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent that MHEPL accepts and adopts all acts, deeds and things made, done and executed by Jaipur Unit of MHJPL as acts, deeds and things made, done and executed by or on behalf of MHEPL.

PART F

IND AS IMPACT ON THE SCHEME IN THE BOOKS OF MANIPAL HEALTH ENTERPRISES PRIVATE LIMITED

35. FIRST TIME ADOPTION OF IND AS

35.1 The Ministry of Corporate Affairs ("MCA"), notified the Companies (Indian Accounting Standards) Rules 2015 on February 16, 2015 laying down the roadmap for application of IFRS Converged Standards to Indian companies other than Banking companies, Insurance companies and Non-Banking Finance Companies ("NBFCs"). The MCA has notified Ind AS for mandatory application to companies under 2 Phases:

35.1.1 Phase 1 – Application of Ind AS is mandatory from financial year beginning on or after April 01, 2016, for the following companies:

35.1.1.1 Companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of rupees five hundred crore or more;

35.1.1.2 Companies other than clause 35.1.1.1 and having net worth of rupees five hundred crore or more;

35.1.1.3 Holding, subsidiary, joint venture or associate companies of companies covered by clause 35.1.1.1 and 35.1.1.2.

35.1.2 Phase 2 – Application of Ind AS is mandatory from financial year beginning on or after April 01, 2017, for the following companies

35.1.2.1 Companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of less than rupees five hundred crore;

35.1.2.2 Companies other than those covered in clause 35.1.2.1, that is, unlisted companies having net worth of rupees two hundred and fifty crore or more but less than rupees five hundred crore;

35.1.2.3 Holding, subsidiary, joint venture or associate companies of companies covered by clause 35.1.2.1 and 35.1.2.2.

Explanation:

"Net-worth" of a company is to be computed in accordance with its stand-alone financial statement as on March 31, 2014 or the first audited financial statement for accounting period which ends after that date.

35.2 The objective of Ind AS 101 – "First-time Adoption of Indian Accounting Standards" is to ensure that an entity's first Ind AS financial statements, and its interim financial reports for part of the period covered by those financial statements, contain high quality information that:

(a) is transparent for users and comparable over all periods presented;
(b) provides a suitable starting point for accounting in accordance with Ind AS; and
(c) can be generated at a cost that does not exceed the benefits.

35.3 Ind AS 101 – First-time Adoption of Indian Accounting Standards para 30 provides that if an entity uses fair value in its opening Ind AS Balance Sheet as deemed cost for an item of property, plant and equipment, an investment property or an intangible asset, the entity's first Ind AS financial statements shall disclose, for each line item in the opening Ind AS Balance Sheet:

(a) the aggregate of those fair values; and
(b) the aggregate adjustment to the carrying amounts reported under previous GAAP.

35.4 Further, clause D5 of Appendix D to Ind AS 101 states as follows "An entity may elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date".

35.5 Based on the above, MHEPL proposes to disclose its identified assets as at April 1, 2015 at their respective fair values on such date as per the relevant provisions of Ind AS. MHEPL shall record the difference in fair value of such identified assets against their existing book values and shall recognise gain/ loss directly in retained earnings (as appearing in the Balance Sheet of MHEPL) as at the date of transition to Ind AS.

35.5.1 The net result of the adjustment in relation to adoption of Ind AS 101 (to the extent applicable pursuant to clause 35.5 of this Scheme) shall be adjusted against the balances of the following reserve(s) in the order of priority detailed below:

35.5.1.1 Debit balance of reserves (if any) created pursuant to giving effect to Part B, D and E of this Scheme;

35.5.1.2 Debit balance of "Amalgamation Adjustment Reserve" existing in its books of accounts as at close of business as on the day immediately preceding the Appointed Date.

PART G

THE GENERAL TERMS AND CONDITIONS APPLICABLE TO THIS SCHEME AND OTHER MATTERS CONSEQUENTIAL AND INTEGRALLY CONNECTED THERETO

36. CONDITIONALITY OF THE SCHEME

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

i. The requisite consent, approval or permission of the Central Government or any Government Authorities, which by law may be necessary for the implementation of this Scheme;

ii. The approval by the requisite majority of the members / creditors of MHJPL, MHWPL and MHEPL as may be directed by the Tribunal;

iii. The sanction of the Tribunal being obtained under Sections 230 to 232 read with Section 66 of the Act and other applicable provisions of the Act, on behalf of MHJPL, MHWPL and MHEPL;

iv. The certified copies of the orders of the Tribunal sanctioning the Scheme are filed with the Registrar of Companies; and

v. Compliance with such other conditions as may be imposed by the Tribunal.

37. APPLICATION TO TRIBUNAL

37.1 MHJPL, MHWPL and MHEPL shall, with all reasonable despatch, make and file applications/ petitions under Sections 230 to 232 of the Act and other applicable provisions of the Act to the Tribunal for seeking approval of the Scheme and for such other order as Tribunal may deem fit bringing the Scheme into effect and all matter ancillary or incidental thereto, within whose jurisdiction the registered offices of MHJPL, MHWPL and MHEPL are situated, for sanctioning the Scheme and for dissolution of MHWPL without being wound-up.

38. MODIFICATION OR AMENDMENTS TO THE SCHEME

38.1 MHJPL, MHWPL and MHEPL by their respective Board of Directors may make and / or consent to any modifications / amendments to the Scheme or to any conditions or limitations that the Tribunal or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors). MHJPL, MHWPL and

MHEPL by their respective Board 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 order of any authority or otherwise however arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

39. EFFECT OF NON-RECEIPT OF APPROVALS

39.1 In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of MHJPL, MHWPL and MHEPL shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the Tribunal, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

40. TRANSITION OF BANK ACCOUNTS AND PENDING BANK TRANSACATIONS

40.1 Even after the Scheme becomes effective, MHEPL shall be entitled to operate all bank accounts of MHWPL and realise all monies and complete and enforce all pending contracts and transactions in respect of MHWPL in the name of MHWPL in so far as may be necessary until the transfer of rights and obligations of MHWPL to MHEPL under this Scheme is formally accepted by the parties concerned.

41. BOARD RESOLUTIONS OF MHWPL

41.1 Upon the Scheme coming into effect, with effect from the Appointed Date, the resolutions, if any, of MHWPL, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of MHEPL. If any such resolutions have any monetary limits approved as per the provisions of the Act, or any other applicable statutory provisions, then such limits shall be added to the limits, if any, under like resolutions passed by MHEPL and shall constitute the aggregate of the said limits in MHEPL.

42. SEVERABILITY

42.1 If any part of this Scheme is held invalid, ruled illegal/ unenforceable for any reason whether under present or future laws by the Tribunal, parties or any other government authorities/ person(s) as applicable under the Act, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in this Scheme, as will best preserve for the parties the benefits and obligations of this Scheme, including but not limited to such part.

43. COSTS, CHARGES AND EXPENSES

43.1 All costs, charges, expenses, taxes including duties, levies and all other expenses, if any arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by MHEPL.