SCHEME OF MERGER BY ABSORPTION

OF

IMPACT AUTOMOTIVE SOLUTIONS LIMITED

WITH

KPIT TECHNOLOGIES LIMITED

(formerly KPIT ENGINEERING LIMITED)

AND

THEIR RESPECTIVE SHAREHOLDERS

This Scheme of Merger by Absorption (hereinafter referred to as 'Scheme of Merger' or 'the Scheme') of Impact Automotive Solutions Limited with KPIT Technologies Limited and their respective shareholders is presented under Section 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

This Scheme is divided into the following parts –

Part	Particulars
I	Background, Rationale, Definitions and Share Capital.
II	Merger of Impact Automotive Solutions Limited with KPIT Technologies Limited and their respective shareholders and Transfer and Vesting of the Undertaking.
III	General Terms and Conditions.

PART I

1. **BACKGROUND**

Impact Automotive Solutions Limited (Transferor Company)

Impact Automotive Solutions Limited is a public limited company incorporated under the Companies Act, 1956 with its registered office at Plot No. 2, Survey No. 288, Hissa No. 1 to 4, Village Maan, Taluka Mulshi, Pune 411057 (**"Transferor Company"** or **"Impact"**). The Corporate Identification Number (CIN) of Impact is U35923PN2010PLC137191. The Company changed its name from 'Impact Automotive Solutions Private Limited' to 'Impact Automotive Solutions Limited' vide fresh Certification of Incorporation dated 30th May 2012. Impact is engaged in production of Integrated Systems, hybrid automotive product and electric

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For KPIT Technologies Limited

Company Secretary

vehicle. The Transferor Company is a wholly owned subsidiary of the Transferee Company.

KPIT Technologies Limited (Transferee Company)

KPIT Technologies Limited is a public limited company incorporated under the Companies Act, 2013 with its registered office at Plot No.17, Rajiv Gandhi Infotech Park, MIDC-SEZ, Phase-III, Maan, Taluka - Mulshi, Hinjawadi, Pune 411057 **("Transferee Company"** or **"KPIT").** The Corporate Identification Number (CIN) of KPIT is U74999PN2018PLC174192. The Company changed its name from 'KPIT Engineering Limited' to 'KPIT Technologies Limited' vide fresh Certification of Incorporation dated 13th March 2019. KPIT is engaged in the business of providing engineering solutions, specialized in embedded software, Artificial Intelligence (AI) & digital solutions for the Automobile Industry and Mobility. The equity shares of the Transferee Company are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

2. RATIONALE OF THE SCHEME

In order to consolidate and effectively manage the business of the Transferor Company and the Transferee Company in a single entity, it is intended that the Transferor Company be merged with Transferee Company. The merger of Transferor Company with Transferee Company would *inter alia* have the following benefits:

(a) The Transferor Company is a wholly-owned subsidiary of the Transferee Company, constituted with the major intention to support the hardware dominated products and platforms initiatives of the Transferee Company. The Transferee Company strategy is to now focus only on Software Platforms, Hardware Design and Software Integration with the Hardware and move away from Hardware dominated Products and Platforms. Thus, with this change in strategy the merger will help consolidate the entities which are now focused on similar businesses.

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(b) The merger will lead to greater efficiency in the overall combined business including economies of scale, efficiency of operations, operational rationalization, organizational efficiency, cash flow management and unfettered access to cash flow generated by the combined business which can be deployed more efficiently for the purpose of development of businesses of the combined entity and their growth opportunities, eliminate inter corporate dependencies, minimize the administrative compliances and to maximize shareholders value.

(c) The merger will result in reduction in overheads including administrative, managerial and other expenditure, and optimal utilization of resources by elimination of unnecessary duplication of activities and related costs. It will also result in a reduction in the multiplicity of legal and regulatory compliances required at present to be separately carried out by the Transferor Company and the Transferee Company.

(d) The merger would motivate employees of the Transferor Company by providing better opportunities to scale up their performance with a larger corporate entity having large revenue base, resources, asset base etc. which will boost employee morale and provide the impetus to better corporate performance ultimately enhancing overall shareholder value.

3. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expression shall have the following meaning: -

3.1. "Impact" or "The Transferor Company" means **'Impact Automotive Solutions Limited'** a company incorporated under the Companies Act, 1956 and having its registered office at Plot No. 2, Survey No. 288, Hissa No. 1 to 4, Village Maan, Taluka Mulshi, Pune 411057.

3.2. "KPIT" or "The Transferee Company" means **'KPIT Technologies Limited (formerly KPIT ENGINEERING LIMITED)'** a company incorporated under the Companies Act, 2013 having its registered office at Plot No.17, Rajiv Gandhi

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Infotech Park, MIDC-SEZ, Phase-III, Maan, Taluka - Mulshi, Hinjawadi, Pune 411057.

3.3. **"Act"** means the Companies Act, 2013, including any rules, regulations, orders and notifications made thereunder or any statutory modification thereto or re-enactment thereof for the time being in force.

3.4. **"Applicable Law(s)"** means any statute, notification, bye laws, rules, regulations, guidelines, rule or common law, policy, code, directives, ordinance, schemes, notices, orders or instructions law enacted or issued or sanctioned by any Appropriate Authority including any modification or re-enactment thereof for the time being in force.

3.5. **"Appointed Date"** shall mean 1st April 2019 or such other date as may be fixed by the Tribunal.

3.6. **"Appropriate Authority"** means any governmental, statutory, regulatory, departmental or public body or authority of India including Securities and Exchange Board of India, Stock Exchanges, Registrar of Companies and the National Company Law Tribunal as may be applicable.

3.7. **"Employees"** means all the permanent employees of the Transferor Company who are on the pay-roll of the Transferor Company as on the Operative Date;

3.8. **"Operative Date"** means the date on which the certified copy of the order of the Hon'ble National Company Law Tribunal, Mumbai is filed with the Registrar of Companies, Pune;

3.9. **"SEBI"** means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;

3.10. **"Scheme of Merger" or "the Scheme" or "this Scheme"** means this Scheme of Merger in its present form as submitted to the Hon'ble Tribunal or this Scheme with such modification(s), if any, including those as approved, imposed or directed by the Hon'ble Tribunal and accepted by the Parties hereto.

3.11. **"Stock Exchanges"** means BSE Limited ("BSE") and The National Stock Exchange of India Limited ("NSE");

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3.12. "Tribunal" shall mean the National Company Law Tribunal (hereinafter referred to as "the Tribunal") being constituted by the Central Government by a Notification in the Official Gazette and the proceedings initiated under Section 230 to 232 of the Companies Act, 2013.

3.13. "Undertaking" means and include (without limitation):

3.13.1. all the assets and properties (whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent of whatsoever nature) of the Transferor Company, whether situated in India or abroad, including, without limitation, all land, buildings and structures, offices, residential and other premises, capital work-in-progress, machines and equipment, furniture, fixtures, office equipment, computers, appliances, accessories, power lines, stocks, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), cash and bank accounts (including bank balances), contingent rights or benefits, benefits of any deposits, earnest monies, receivables, advances or deposits paid by or deemed to have been paid by the Transferor Company, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, tenancies in relation to the office and/or residential properties, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, privileges,

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libertics and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad;

3.13.2.all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, approvals, consents, subsidies, privileges, income tax benefits, Minimum Alternate Credit ("MAT Credit") entitlement if any, tax losses and exemptions in respect of the profits of the undertaking for the residual period, i.e., for the period remaining as on the Appointed Date out of the total period for which the benefit or exemption is available in law if the merger pursuant to this Scheme does not take place, all other rights including sales tax deferrals and exemptions and other benefits, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Transferor Company;

3.13.3.all debts, borrowings, obligations, duties and liabilities, both present and future (including deferred tax liabilities, contingent liabilities and the Liabilities and obligations under any licenses or permits or schemes) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, whether secured or unsecured, whether in Rupees or foreign currency, whether provided for or not in the books of accounts or disclosed in the balance sheet of the Transferor Company (hereinafter referred to as "**the said Liabilities**");

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3.13.4. all trade and service names and marks, patents, copyrights, designs and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programs, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Company.

3.13.5. Without prejudice to the generality of sub-clauses 3.13.1 to 3.13.4 above, the Undertaking of the Transferor Company include all assets including investments, claims, powers, consents, registrations, contracts, enactments, arrangements, rights, titles, interest, benefits, advantages, lease-hold rights and, systems of any kind whatsoever, and benefits of all agreements and other interests rights and benefits under various schemes including other benefits of different taxation laws as may belong to or be available to the Transferor Company, rights and powers of every kind, nature and description of whatsoever probabilities, liberties, easements, advantages, and approval of, whatsoever nature and wheresoever situated, belonging to or in ownership, power or possession or control or entitlement of the Transferor Company.

3.14. Any references in the Scheme to "upon the Scheme becoming operative" or "operativeness of the Scheme" shall mean the Operative Date.

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 modification or re-enactment thereof for the time being in force.

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References to clauses and recitals, unless otherwise provided, are to clauses and recitals of and to this Scheme.

The headings herein shall not affect the construction of this Scheme.

Unless the context otherwise requires:

i. the singular shall include the plural and vice versa, and references to one gender include all genders.

ii. references to a person include any individual, firm, body corporate (whether incorporated in India or outside), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives' body (whether or not having separate legal identity).

iii. reference to any law or to any provision thereof or to any rule or regulation promulgated thereunder includes a reference to such law, provision, rule or regulation as it may, from time to time, be amended, supplemented or re-enacted, or to any law, provision, rule or regulation that replaces it.

4. SHARE CAPITAL

(i) The Share Capital of the **Transferor Company** as on the last Audited Balance Sheet date i.e. 31st March 2019, is as under:

Particulars	Amt in Rs.
Authorised:	
15,00,00,000 Equity shares of Rs. 10/- each	1,50,00,00,000
TOTAL	**1,50,00,00,000**
Issued, Subscribed and Paid –Up:	
13,67,50,000 Equity shares of Rs. 10/- each	1,36,75,00,000
TOTAL	**1,36,75,00,000**

The equity shares of the Transferor Company are not listed on the Stock Exchanges.

Subsequent to March 31st, 2019 and up to the date of approval of this Scheme by the Board of Transferor Company, there has been no change in the stated capital of Transferor Company.

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There are no existing commitments, obligations or arrangements by the Transferor Company as on the date of sanction of this Scheme by the Board of Directors to issue any further shares or convertible securities.

As on date, the Transferee Company holds the entire share capital of the Transferor Company. Accordingly, the Transferor Company is a wholly owned subsidiary of the Transferee Company.

(ii) The Share Capital of **the Transferee Company** as on the last Audited Balance Sheet date i.e. 31st March 2019, is as under:

Particulars	Amt in Rs.
Authorised:	
30,00,00,000 Equity shares of Rs. 10/- each	3,00,00,00,000
TOTAL	**3,00,00,00,000**
Issued, Subscribed and Paid –Up:	
27,41,43,808 Equity shares of Rs. 10/- each	2,74,14,38,080
TOTAL	**2,74,14,38,080**

Subsequent to 31st March 2019, there is no change in Issued, Subscribed and Paid –Up Capital of the Transferee Company.

The equity shares of the Transferee Company are listed on BSE and NSE.

There are no existing commitments, obligations or arrangements by the Transferee Company as on the date of approval of this Scheme by the Board of Directors to issue any further shares or convertible securities except issue of shares on exercise of stock options granted under any of its existing employee stock option schemes.

PART II

5. MERGER OF IMPACT AUTOMOTIVE SOLUTIONS LIMITED WITH KPIT TECHNOLOGIES LIMITED AND TRANSFER AND VESTING OF THE UNDERTAKING

The Undertaking of the Transferor Company shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee

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Company as a going concern without any further act, instrument, deed, matter or thing so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme in the following manner:

5.1. With effect from the Appointed Date, the whole of the Undertaking of the Transferor Company comprising of all assets and properties (whether movable or immovable) and all other assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Section 230 to Section 232 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in clauses 5.2 and 5.3 below) be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the assets and liabilities of the Transferee Company from the Appointed Date and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.

5.2. All the movable assets including cash in hand, if any, of the Transferor Company, capable of passing by manual delivery or by endorsement and delivery, may be so delivered or endorsed and delivered, as the case may be, to the Transferee Company on or after the Operative Date as may be mutually agreed.

5.3. In respect of movables other than those specified in sub-clause 5.2 above, including sundry debtors, outstanding loans and advances, receivables, bills, credits, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, and other persons, the same shall stand transferred to and vested in the Transferee Company and/or be deemed to have been transferred to and vested in the Transferee Company, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party.

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5.4. With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Transferor Company shall also under the provisions of Section 230-232 of the Act read with rules made thereunder, without any further act or deed, be transferred to or be deemed to be transferred to Transferee Company so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of Transferee Company and it shall not be necessary to obtain the consent of any third party or another person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this Sub-clause.

5.5. As regard to all the assets, rights, title, interest, investments and properties of the Transferor Company deemed to be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the assets of the Transferee Company as from the Appointed Date, upon the Scheme becoming operative. The registrations in the name of the Transferor Company shall be deemed to be transferred in the name of the Transferee Company with effect from the Appointed Date.

5.6. All the licenses, permits, registrations, quotas, entitlements, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether on, before or after the Appointed Date, including income tax benefits and exemptions, shall, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to

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and vest in and/or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become the licenses, permits, registrations, quotas, entitlements, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

5.7. All the profits or income taxes (including advance tax, tax deducted at source, Foreign Tax Credits and MAT credit) or any costs, charges, expenditure accruing to the Transferor Company or expenditure or losses arising or incurred or suffered by the Transferor Company shall for all purpose be treated and be deemed to be and accrue as the profits, taxes (namely Advance tax, Tax deducted at source & Foreign Tax Credits), tax losses, MAT Credit, income costs, charges, expenditure or losses of Transferee Company, as the case may be.

5.8. It is clarified that the Scheme shall not in any manner affect the rights and interest of the creditors of the Transferor Company or be deemed to be prejudicial to their interests.

5.9. For avoidance of doubt and without prejudice to the generality of any applicable provisions of this Scheme, it is clarified that with effect from the Operative Date until such times the names of the bank account of the Transferor Company would be replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in the name of the Transferor Company in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Operative Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company.

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The Transferee Company shall be allowed to maintain bank accounts in the name of Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Company. It is hereby expressly clarified that any legal proceedings by or against the Transferor Company in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company shall be instituted, or as the case may be, continued by or against the Transferee Company after the coming into operation of the Scheme The Transferee Company shall under the provisions of the Scheme be deemed from Appointed Date, to be authorized to execute any such writings on behalf of the Transferor Company, to implement and carry out all formalities and compliances, if required, referred to above.

5.10. The merger of the Transferor Company with the Transferee Company, 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. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section 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 to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act, 1961. Such modification will however not affect the other parts of the Scheme.

6. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to

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which the Transferor Company, is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Operative Date, shall be in full force and effect against or in favour of the Transferee Company as the case may be, as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into a tripartite arrangement, confirmation or novation to which the Transferor Company will, if necessary, also be a party in order to give formal effect to this Clause if so required or become necessary.

7. LEGAL PROCEEDINGS

7.1. If any suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called **"the Proceedings"**) by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertakings of the Transferor Company or of anything contained in the Scheme, but the Proceedings may be continued, prosecuted and enforced by or against the Transferee 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 Transferor Company as if the Scheme had not been made.

7.2. On and from the Operative Date, the Transferee Company shall be entitled to initiate any legal proceeding for and on behalf of the Transferor Company for any actions taken by or against the Transferor Company or any other person, as the case may be, notwithstanding the fact that the Transferor Company stands dissolved without winding up from the Operative Date.

7.3. Without prejudice to the provisions of above-mentioned Clauses, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes.

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8. EMPLOYEES:

8.1 All permanent Employees of the Transferor Company, in service on the Operative Date, shall become employees of the Transferee Company on such date without any break or interruption in service and on terms and conditions as to remuneration not less favorable than those subsisting with reference to the Transferor Company as on the said date. The services of such employees shall not be treated as having been broken or interrupted for the purpose of provident fund or gratuity or superannuation or statutory purposes or otherwise and for all purposes will be reckoned from the date of appointment with the Transferor Company.

8.2 It is expressly provided that, on the Scheme becoming operative, the provident fund, contribution towards employees state insurance, labour welfare fund or any other special fund or trusts created or existing for the benefit of the Employees of the Transferor Company (collectively referred to as the "Funds") shall be transferred to similar Funds created by the Transferee Company and shall be held for their benefit pursuant to this Scheme or, at the Transferee Company's sole discretion, maintained as separate Funds by the Transferee Company. In the event that the Transferee Company does not have its own Funds in respect of any of the above, the Transferee Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Transferor Company, until such time that the Transferee Company creates its own Funds, at which time the funds and the investments and contributions pertaining to the Employees of the Transferor Company shall be transferred to the Funds created by the Transferee Company.

8.3 It is clarified that save as expressly provided for in this Scheme, the Employees who become the employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits (including employee stock options) that may be applicable and available to any of the other employees of the Transferee Company (including the benefits of or under any

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employee stock option schemes applicable to or covering all or any of the other employees of the Transferee Company), unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into or deemed to have been entered into by the Transferor Company with any employee of the Transferor Company.

9. ISSUE OF SHARES

Since the Transferor Company is wholly owned subsidiary of the Transferee Company, the shares held by the Transferee Company in the Transferor Company shall stand cancelled, extinguished and annulled and shall be deemed to have been cancelled, extinguished and annulled without any further act or deed and no shares of the Transferee Company are required to be issued in lieu thereof to the shareholders of the Transferor Company.

10. ACCOUNTING TREATMENT

10.1 The Transferee Company shall, record all the assets, liabilities and reserves of the Transferor Company vested in it pursuant to this Scheme, at their book values and in the same form as appearing in the books of the Transferor Company as on the Appointed Date, by applying the principles as set out in Appendix C of IND AS 103 'Business Combinations' and prescribed under Companies (Indian Accounting Standards) Rules, 2015 issued by the Institute of Chartered Accountants of India.

10.2 The financial statements of the Transferee Company will reflect the financial position on the basis of consistent accounting policies. In case of any difference in any of the accounting policies between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company will prevail and impact of the same as on the Appointed Date will be quantified and adjusted in the Reserves to ensure that the financial statements of the Transferee

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Company reflect the financial position on the basis of consistent accounting policy.

10.3 If there are any loans, advances or other obligations (including but not limited to 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) that are due between the Transferor Company and the Transferee Company, if any, shall, ipso facto, stand discharged and come to end and the same shall be eliminated by giving appropriate elimination effect in the books of account and records of the Transferee Company.

10.4 Investments in shares of the Transferor Company held by the Transferee Company shall be adjusted against Share Capital of the Transferor Company in the books of the Transferee Company and the difference, if any, shall be transferred to Capital Reserves of the Transferee Company post-merger.

10.5 The identity of the reserves shall be preserved and shall appear in the financial statements of the Transferee Company in the same form in which they appeared in the financial statements of the Transferor Company.

10.6 Notwithstanding the above, the Board of Directors of the Transferor Company and the Transferee Company, in consultation with respective statutory auditors, are authorised to record Assets, Liabilities and Reserves and Surplus in compliance with prevailing Accounting Standards.

11. OPERATIVE DATE OF THE SCHEME

The Scheme set out herein in its present form or with any modification(s) as approved or imposed or directed by the Hon'ble Tribunal shall be effective from the Appointed Date but shall become operative from the Operative Date.

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12. CONDUCT OF ACTIVITIES BY TRANSFEROR COMPANY TILL OPERATIVE DATE

With effect from the appointed date of the Scheme and up to and including the Operative Date:

12.1 The Transferor Company shall carry on or deemed to have carried on all their respective activities and shall be deemed to have held or stood possessed of and shall hold and stand possessed of all the said Assets for and on account of and in trust for the Transferee Company.

12.2 All the profits or income accruing or arising to the Transferor Company or expenditure or losses arising or incurred by the Transferor Company shall for all purposes be treated and be deemed to be and accrued as the profits and income or expenditure or losses of the Transferee Company, as the case may be.

12.3 The Transferor Company shall carry on its respective activities with reasonable diligence, business prudence and shall not alienate, charge, mortgage, encumber or otherwise deal with the said assets or any part thereof except in the ordinary course or pursuant to any pre-existing obligation undertaken by the Transferor Company prior to the Appointed Date or except with prior written consent of the Transferee Company.

12.4 The Transferor Company shall not, without prior written consent of the Transferee Company, undertake any new activities.

12.5 The Transferor Company shall not, without prior written consent of the Transferee Company, take any major policy decisions in respect of management and activity of the Company and shall not change its present capital structure.

12.6 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which the Transferee Company may require pursuant to this Scheme.

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12.7 Pending sanction of the Scheme, the Transferor Company shall not, except by way of issue of shares / convertible debentures to the Transferee Company, increase their capital (by fresh issue of shares, convertible debentures or otherwise).

13. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the Undertaking under Clause 5 above, and the continuation of proceedings by or against the Transferee Company under Clause 7 above shall not affect any transaction or proceedings already concluded by the Transferor Company on or after the Appointed Date till the Operative Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in regard thereto, as if done and executed by the Transferee Company on its behalf.

14. TAXES AND DUTIES

14.1. All tax liabilities / refunds / credits / claims relating thereto under the Income-tax Act, Customs Act, Central Excise Act, Goods and services Tax, State sales tax laws, Central Sales Tax Act, Service tax, or other applicable laws / regulations dealing with taxes / duties / levies [hereinafter in this Clause referred to as "Tax Laws"] of the Transferor Company to the extent not provided for or covered by tax provision in the financial statements made as on the date immediately preceding the Appointed Date shall be treated as liabilities / refunds / credits / claims of the Transferee Company and shall be transferred to the Transferee Company. Any surplus in the provision for taxation/ duties/ levies account including advance tax and TDS, credit for minimum alternate tax/ service tax, Goods and Service Tax or such other credits as on the date immediately preceding the Appointed Date will also be transferred to and become the advance tax/other tax of the Transferee Company.

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14.2. The refund under the Tax Laws due to the Transferor Company consequent to the assessments made on the Transferor Company whether before or after the appointed date and for which whether credit is taken or not in the financial statements as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

14.3. Without prejudice to the generality of the above, all benefits, credits, refunds, exemptions, incentives or concessions under Tax Laws as may be applicable to which the Transferor Company are entitled to in terms of the applicable Tax Laws of the Union and State Governments in India, shall be available to and vest in the Transferee Company.

14.4. The Transferee Company shall be entitled to file / revise its income tax returns, service tax returns, Value Added Tax returns, Central Sales Tax returns, Goods and Service Tax Return, tax deducted at source certificates, tax deducted at source returns and other statutory returns and filings, if required under the Tax Laws, and shall have the right to claim or adjust refunds, advance tax credits, credit for minimum alternate tax / tax deducted at source / foreign taxes withheld/ paid, input tax credits etc. of the Transferor Company if any, as may be required consequent to implementation of this Scheme.

15. DIVIDENDS, PROFIT AND BONUS/RIGHTS SHARES

15.1. The Transferor Company shall not without the prior written consent of the Transferee Company declare any dividends, whether interim or final, for the financial year ending on or after the Appointed Date and subsequent financial years.

15.2. Subject to the provisions of this Scheme, the profits of the Transferor Company for the period beginning from Appointed Date shall belong to and be the profits of the Transferee Company and will be available to the Transferee Company for being disposed of in any manner as it thinks fit.

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16. VALIDITY OF EXISTING RESOLUTIONS, ETC.

Upon the Scheme coming into operation, the resolutions of the Transferor Company, as are considered necessary by the Board of Directors of the Transferee Company and which are valid and subsisting on the Operative Date shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other statutory provisions, then the said limits as are considered necessary by the Board of Directors of the Transferee Company shall be added to the limits, if any under like resolutions passed by the Board of the Transferee Company and shall constitute the aggregate of the said limits of the Transferee Company.

Upon the coming into operation of this Scheme, the borrowing limits of the Transferee Company in terms of Section 180 of the Act shall be deemed, without any further act or deed, to have been enhanced by the aggregate limits of the Transferor Company which are being transferred to the Transferee Company pursuant to the Scheme, such limits being incremental to the existing limits of the Transferee Company, with effect from the Appointed Date.

17. DISSOLUTION OF TRANSFEROR COMPANY

On Operative Date, the Transferor Company shall stand dissolved without winding up.

PART III

GENERAL TERMS AND CONDITIONS

18. COMBINATION OF AUTHORISED SHARE CAPITAL OF THE TRANSFEREE COMPANY

18.1. Upon the Scheme coming into operation, the Authorised Share Capital of the Transferee Company, shall automatically stand increased without any further act on the part of the Transferee Company including payment of stamp duty and registration fees payable to Registrar of Companies, by clubbing the Authorized Share Capital of the Transferor Company which is

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Rs. 1,50,00,00,000/- (Rupees Hundred and fifty crores Only) divided into 15,00,00,000 Equity shares of Rs. 10/- each.

18.2. Consequent to the clubbing of the Authorized Share Capital of the Transferor Company with the Transferee Company, the Authorized Share Capital of the Transferee Company shall be increased to Rs. 4,50,00,00,000/- (Rupees Four Hundred Fifty Crores Only) divided into 45,00,00,000 Equity shares of Rs. 10/- each.

18.3. The consent/resolution approving the Scheme shall be deemed to be the approval for clubbing of the Authorized Share Capital and alteration to Memorandum of Association of the Transferee Company under Section 13, 61, 64 and other applicable provisions of the Companies Act, 2013 and the Transferee Company shall not be required to seek separate consent / approval from its shareholders for the alteration of Memorandum of Association. The words and figures in Clause 5 of the Memorandum of Association of the Transferee Company relating to the Authorised Share Capital, shall without any further act, instrument be and stand clubbed pursuant to Section 13 of the Companies Act, 2013 and other applicable provisions of the Act.

18.4. The following clause in the Memorandum of Association of **THE TRANSFEREE COMPANY** shall stand amended to read as under:

Clause 5 of the Memorandum of Association

"The Authorized Share Capital of the Company is Rs. 4,50,00,00,000/- (Rupees Four Hundred Fifty Crore only) divided into 45,00,00,000 (Forty - five Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each with power to increase and reduce the capital of the Company or to divide the shares in the Capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of the Company and to vary, modify or abrogate any such rights, privileges or conditions in

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such manner as may be for the time being provided by the Articles of the Company and the legislative provisions for the time being in force."

18.5. It is hereby clarified that the Transferee Company through its Board, if required, would be entitled to make appropriate reclassification / combination of its Authorized Share Capital and provide suitable clarifications to the Registrar of Companies with regard to the clubbing of the Authorized Share Capital of the Transferor Company with the Transferee Company.

19. APPLICATION TO TRIBUNAL OR SUCH OTHER COMPETENT AUTHORITY

The Transferor Company and the Transferee Company shall make applications/petitions under Sections 230-232 and other applicable provisions of the Act to the Tribunal or such other appropriate authority in respect of the Transferor Company and Transferee Company for sanction of this Scheme.

20. MODIFICATION OR AMENDMENTS TO THE SCHEME

The Transferor Company and the Transferee Company by their respective Directors or authorized person so nominated in that behalf, may assent to any modification or amendment to this Scheme or part thereof which the Tribunal and/ or any other authority may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/ or carrying out the Scheme in the best interest of all stakeholders. All amendment/modification pursuant to this clause shall be subject to the approval of Tribunal. The Transferor Company and the Transferee Company by their respective Directors or authorized person so nominated in that behalf be and are hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any orders of the Tribunal or of any directive or orders of any other

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authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/ or any matters concerning or connected therewith. All amendment/modification pursuant to this clause shall be subject to the approval of Tribunal.

21. SCHEME CONDITIONAL ON APPROVAL/ SANCTIONS

The Scheme is conditional upon and subject to the following:

21.1. The approval by the requisite majorities of shareholders of the Transferor Company and the Transferee Company as may be directed by the Hon'ble Tribunal under Section 230 to 232 of the Act.

21.2. The sanction of the Hon'ble Tribunal being obtained under Sections 230 to 232 and other relevant provisions of the Act, as required on behalf of the Transferor Company and the Transferee Company.

21.3. The requisite consents, approvals or permissions if any of the Government Authority or any other Statutory Agencies which by law may be necessary for the implementation of this Scheme.

21.4. The Certified Copy or Authenticated Copy of such order sanctioning the Scheme being filed with the Registrar of Companies.

21.5. On the approval of this Scheme by the shareholders of the Transferor Company and the Transferee Company, if required, such shareholders shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the merger set out in this Scheme, related matters and this Scheme itself.

21.6. All other sanctions and approvals as may be required under any law with regard to this Scheme are obtained.

22. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding Clause 21 not being obtained and / or the Scheme not

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being sanctioned by the Hon'ble Tribunal or such other competent authority and / or the order or orders not being passed as aforesaid, or for any other reason, the Scheme cannot be implemented, the Scheme shall become null and void, and the Transferee Company shall bear the entire cost, charges and expenses in connection with the Scheme unless otherwise mutually, agreed.

23. <u>COSTS, CHARGES & EXPENSES.</u>

All cost including stamp duty, charges and expenses in relation to or in connection with this Scheme and of carrying out and completing the terms and provisions of this Scheme and/or incidental to the completion of Merger of the Transferor Company in pursuance of the Scheme shall be borne and paid by the Transferee Company only.

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CERTIFIED TRUE COPY

For KPIT Technologies Limited

Company Secretary