

SCHEME OF AMALGAMATION

OF

NAVARATHNA FINANCIAL SERVICES LIMITED ('NFSL')
(REGISTERED NBFC' & 'TRANSFEROR COMPANY')

WITH

NAVARATHNA HOUSING FINANCE LIMITED ('NHFL')
(REGISTERED HOUSING FINANCE COMPANY' & 'TRANSFeree COMPANY')

AND

THEIR RESPECTIVE SHARHOLDERS AND CREDITORS

UNDER SECTION 230 TO 232 OF THE COMPANIES ACT, 2013

For NAVARATHNA HOUSING FINANCE LIMITED

Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES LIMITED

Managing Director / Director



PREAMBLE DESCRIPTION AND RATIONALE OF THE SCHEME

A. PREAMBLE

1. This Scheme of Amalgamation("Scheme") is presented and formulated under section 230 to 232 of the Companies Act,2013 and the rules framed thereunder (including any statutory modification or re-enactment thereof,for the time being in force) for the Amalgamation of M/s. Navarathna Financial Services Ltd with Navarathna Housing Finance Ltd,

2. Navarathna Financial Services Ltd, ('NFSL') is registered NBFC and incorporated as a public limited company registered under Companies Act, 1956 under corporate identification number U65991TN2011PLC079596. The company is having its registered office at 2/102, Third Street (First Floor) Karpagam Avenue, RA Puram, Chennai - 600 028, Tamil Nadu, India (Hereinafter referred to as the "Transferor Company"). It is engaged in the business of banking and finance. The main objects of its business are as follows:

- i To carry on the business of money lending for personal, business, agriculture and allied purposes against security of two-wheelers, other vehicles, machinery, gold, consumer durables or otherwise.
- ii To carry on the business of financial services like money transfer agency, loan syndication and investment advisory services and distribution of financial products like mutual fund units and life and general insurance products.
- iii To act as banking correspondent to banks subject to RBI directives issued from time to time.
- iv To borrow funds from Banks, Non-Banking Financial Companies, Financial Institutions, SIDBI, NABARD, Corporate bodies, firms, individuals & trusts and lend own funds as well as borrowed funds under various types of credit facilities and take appropriate action for recovery of the money lent subject to RBI directives issued from time to time.
- v To engage in the micro finance activities and thereby provide financial assistance to that segment of the population belonging to the rural and urban poor so as to enable them to engage themselves in productive ventures and thus uplift their overall well-being.

3. Navarathna Housing Finance Ltd, ('NHFL') is registered housing finance company and incorporated as a public limited company registered under Companies Act, 2013 under corporate identification number U65922TN2015PLC100156. The company is having its registered office at 2/102, Third Street (First Floor) Karpagam Avenue, RA Puram, Chennai - 600 028, Tamil Nadu, India (Hereinafter referred to as the "Transferee



NAVARATHNA FINANCIAL SERVICES LIMITED

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Managing Director / Director

NAVARATHNA HOUSING FINANCE LIMITED

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Managing Director / Director

Company"). It is engaged in the business of housing finance. The main objects of its business are as follows:

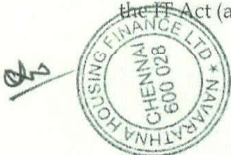
- i. To carry on the business of providing short term/long term finance to any person(s), company(ies) or corporation(s), society(ies) or association(s) jointly or individually enabling such borrowers to construct or purchase any building(s) or house (s) or flat(s) or any part thereof for residential/commercial purposes, upon such security and such terms and conditions as the company deem fit, including affordable housing finance and also, to provide short term/long term finance to persons engaged in the business of construction of building(s) or house (s) or flat(s) for residential/commercial purposes to be sold by them upon such terms and conditions as the company may deem fit and proper.
- ii. To provide financial assistance, with or without interest, (with or without security) for any maturity, in any form whatsoever, to any person or persons (whether individuals, firms, companies, bodies corporate, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sectors engaged in the construction of residential houses, flats, for the purpose of construction of such residential houses, flats including the acquisition and development of lands for the construction of such houses or flats. And to provide financial assistance, with or without interest (with or without security) for any maturity in any form whatsoever, to any person or persons (whether individuals, firms, companies, bodies corporate, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sectors engaged in the manufacture of building materials as well as construction equipment and machinery.
- iii. To do such other businesses as may be permitted by the statutory authorities to achieve the objectives of the company.

B. DESCRIPTION OF SCHEME

4. This scheme (as defined hereunder) provides, *inter-alia*, for:

the amalgamation of the Transferor Company into Transferee Company, by way of merger and the consequent issuance of the Transferee Company Shares (as defined hereunder) in accordance with share exchange ratio (as defined hereunder) to the Eligible Members (as defined hereunder), in respect of each share of the Transferor Company held by them in accordance with this Scheme ("Amalgamation")

- i. various other matters incidental, consequential or otherwise integrally connected therewith, including the increase in the share capital of the Transferee Company,
- ii. Pursuant to Sections 230 to 232 and other relevant provisions of the Act in the manner provided for in this Scheme and in compliance with the provisions of the IT Act (as defined hereunder).



For NAVARATHNA HOUSING FINANCE LTD

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Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES LTD



[Signature]

Managing Director

5. The Merger of the Transferor Company into the Transferee Company shall be in full compliance with the conditions relating to "amalgamation" as provided under section 2(1B) and other related provisions of the IT Act such that, *inter-alia*:

- i. all the properties of the transferor company, immediately before the merger shall become the properties of the Transferee Company, by virtue of the Amalgamation/Merger;
- ii. all the liabilities of the Transferor Company, immediately before the Amalgamation/Merger, shall become the liabilities of the Transferee Company, by virtue of the Amalgamation; and
- iii. shareholders holding at least three fourth in value of the shares in the Transferor Company, will become shareholders of the Transferee Company by virtue of the Amalgamation.

C. RATIONALE OF THE SCHEME

6. The Merger pursuant to this scheme would inter-alia have the following benefits:

- i. The transferor company is a RBI registered NBFC entity and engaged in the business of banking and financial services. Pursuant to strategic review of the company's products and other banking products in india. The Transferor company has decided to merge with transferee company.
- ii. The Merger is in line with the Transferee company's strategy to build sustainable and profitable banking finance and housing finance business in India. The transferor Company and the transferee Company expect significant synergies through various opportunities, operational movements, and scale efficiencies in banking finance and housing finance business.
- iii. The Merger will result in consolidation of the businesses of the Companies' resulting in expansion of the consolidated business and creation of greater value for shareholders and all other stakeholders; and
- iv. The Merger would be in the best interest of shareholders, creditors of the transferor company, as they would continue to play a part in the Indian banking finance and housing finance segment growth in view of the transferee company.
- v. The transferor and transferee companies are closely held and are owned and managed and controlled by the same group of Promoters and Directors i.e. Directors are common in the Transferor Company as well as in Transferee Company;

7. The scheme is divided into following parts:



For NAVARATHNA HOUSING FINANCE

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 Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES

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 Managing Director / Director

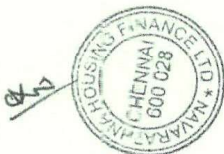
- i. Part I which deals with introduction and definitions;
- ii. Part II, which deals with the Share Capital of Transferor Company and Transferee Company;
- iii. Part III, which deals with the details of transfer and vesting;
- iv. Part IV, which deals with the general terms and conditions with respect to re-organisation of share capital;
- v. Part V, which deals with the general terms and conditions;

For NAVARATHNA HOUSING FINANCE

Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES

Managing Director / Director



PART - I

D. General Definitions

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

I. "ACT" means the Companies Act, 2013 or any amendment or re-enactment and rules made thereunder and as may be applicable,

II. "NATIONAL COMPANY LAW TRIBUNAL" means the Principal Bench of NCLT at Chennai.

III. "THE EFFECTIVE DATE" means the last of the following dates or such other dates as Hon'ble NCLT may direct, namely:

a.the date on which the last of all the necessary consents, approvals, permissions, resolutions, agreements, sanctions and orders as are hereinafter referred to have been obtained or passed; and

b.the date on which certified copies of the Order of Hon'ble NCLT under Section 230 to 232 of the Act sanctioning the Scheme and vesting the undertaking including the assets, liabilities, rights, duties, obligations and the like of the Transferor Company are filed with the Registrar of Companies, Chennai.

IV. "THE SCHEME" means the Scheme of Amalgamation in its present form or with any modification(s) as approved, imposed or directed by 'Hon'ble NCLT'.

V. "THE TRANSFER DATE" or 'APPOINTED DATE' means the 1st day of April 2021 or such other date as 'Hon'ble NCLT' may direct from which all the moveable, immovable or other properties of whatsoever nature including all rights, powers, privileges of every kind, nature and description of the Transferor Company shall be transferred or deemed to be transferred without an further act, deed or thing to be done by the Transferee Company.

VI. "TRANSFeree COMPANY" means NAVARATHNA HOUSING FINANCE LTD a Company incorporated under the Companies Act,2013 and having its Registered Office at 2/102, Third Street (First Floor) Karpagam Avenue, RA Puram, Chennai - 600 028, India. The Corporate Identity Number of the Transferee Company is U65922TN2015PLC100156.

VII. "TRANSFEROR COMPANY" means NAVARATHNA FINANCIAL SERVICES LTD, a Company incorporated under the Companies Act, 1956 and having its Registered Office at 2/102, Third Street (First Floor) Karpagam



For NAVARATHNA HOUSING FINANCE LTD

[Signature]

Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES LTD



[Signature]

Managing Director / Director

Avenue, RA Puram, Chennai - 600 028, India. The Corporate Identity Number of the Transferor Company is U65991TN2011PLC079596.

VIII. "UNDERTAKING" or "UNDERTAKINGS" shall mean and include:

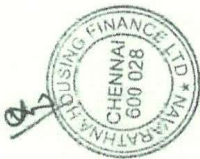
- a) all assets, claims, estates, interests, powers, properties, rights and title of every description of, or relating to, the Transferor Company as on the Appointed Date (hereinafter referred to as "the said assets")
- b) All debts, duties, liabilities and obligations of every description of or pertaining to the Transferor Company as on the Appointed Date, whether provided or not in the books of account of the Transferor Company and whether disclosed or undisclosed in its balance sheet. (hereinafter referred to as "the said Liabilities").
- c) Without prejudice to the generality of sub-clause (a) above, the undertaking of the Transferor Company shall include all the Transferor Company reserves, moveable, and immovable properties, assets, including investments claims, powers, authorities, allotments, approvals, consents, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights, other intangibles, industrial and other licenses, permits, authorizations, quota-rights, trade marks, patents and other industrial and intellectual properties, import quotas, telephones, telex, facsimile and other communication facilities and equipment, rights and benefits of all agreements and all other interest, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of the Transferor Company.

For NAVARATHNA HOUSING FINANCE

Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES

Managing Director / Director



PART - II

9. Share Capital

- D. The Share Capital structure of the Transferor Company ('NFSL') as on 31st December 2020 is as follows:

Particulars	Amount in INR
<u>Authorized</u> 55,00,000 equity shares of INR 10 each	INR 5,50,00,000
<u>Issued and Subscribed Share Capital of INR 10 each</u> 51,52,759 equity shares of INR 10 each fully paid up	INR 5,15,27,590
<u>Full Paid-Up Shares of INR 10 each</u> 51,52,759 equity shares of INR 10 each fully paid up	INR 5,15,27,590

- E. The Share Capital structure of the Transferee Company ('NHFL') as on 31st December 2020 is as follows:

Particulars	Amount in INR
<u>Authorized</u> 1,50,00,000 equity shares of INR 10 each	INR 15,00,00,000
<u>Issued and Subscribed Share Capital of INR 10 each</u> 1,38,14,306 equity shares of INR 10 each fully paid up	INR 13,81,43,060
<u>Full Paid-Up Shares of INR 10 each</u> 1,38,14,306 equity shares of INR 10 each fully paid up	INR 13,81,43,060

Notes

The Transferor Company ('NFSL') is holding 10,00,000 Equity Shares of INR 10/- each fully paid up which accounts 7.24% of Capital of Transferee Company ('NHFL'). The Transferee Company has to issue 10,00,000 shares less to the Shareholders of Transferor Company ('NFSL')



For NAVARATHNA FINANCIAL SERVICES LIMITED

Managing Director / Director

For NAVARATHNA HOUSING FINANCE

Managing Director / Director

PART - IIITRANSFER AND VESTING OF UNDERTAKING OF TRANSFEROR COMPANY
INTO TRANSFEREE COMPANY

10. Transfer of Undertaking

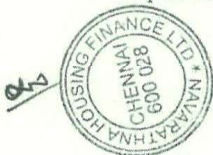
With effect from the Appointed Date, and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the entire undertaking of the Transferor Company including the Assets and the Liabilities of the Transferor Company as on the Appointed Date shall pursuant to the provisions of Section 230 to 232 and other applicable provision of the Act, without any further act, deed, instrument, matter of thing, BE AND SHALL STAND TRANSFERRED to be vested in or deemed to have been transferred to or vested in the Transferee Company so as to become the undertaking of the Transferee Company but subject to the charges existing, if any, on the assets of the Transferor Company on the Appointed Date.

11. Mode of Transfer of Assets

It is expressly stated that pursuant to the transfer of undertaking of the Transferor Company as provided in clause 9 above, all the said assets are so transferred by the Transferor Company to the Transferee Company to the end and intent that the property herein passes to the Transferee Company pursuant to the provisions of Section 230 to 232 of the Act as an integral part of the Undertaking. The mode of vesting of moveable assets referred in Clause 9 as under:

- I. All the moveable assets of the Transferor Company including plant and machinery, investments, cash on hand shall be handed over by physical delivery (together with duly executed transfer forms or other documents as may be required) to the Transferee Company along with such other documents as may be necessary to the end and intent that the property therein passes to the Transferee Company on such delivery.
- II. In respect of moveable assets other than those specified in sub-clause 10 (I) above including Sundry Debtors, outstanding loans, advances recoverable in cash or kind or for value to be received, bank balances and deposits with Government, Semi-Government, local and other authorities, bodies and customers, etc., the following modus operandi shall be followed:

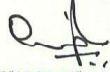
The Transferor Company shall give notice in such form as it may deem fit and proper to each party, debtor or depositor as the case may be that pursuant to the Hon'ble NCLT sanctioning the Scheme, the said Debt, Loan, Advances, etc. be paid or made good or held on account of the Transferee Company as the



For NAVARATHNA HOUSING FINANCE LTD.


 Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES LTD.


 Managing Director / Director

person entitled thereto to the end and intent that the right of the Transferor Company to recover or realize the same stands extinguished.

The Transferee Company may, if required, give Notice in such form as it may deem fit and proper to each person, debtor or deposittee that pursuant to the Hon'ble NCLT having sanctioned the Scheme, the said debtor or deposittee should pay the debt, loan or advance or make good the same or hold the same on its account and the right of the Transferee Company to recover or realize the same is in substitution of the right of the Transferor Company.

12. Transfer of Liabilities

Pursuant to the Transfer of Undertakings of the Transferor Company as provided in Clause 9 above and subject to the provision in the Scheme in relation to the mode of Transfer and Vesting, the said liabilities of the Transferor Company shall also be and stand transferred or deemed to be transferred, without further act, instrument, deed matter or thing to the Transferee Company, pursuant to the provisions of Section 230 to 232 of the Act so as to become as on from the Appointed Date, the debts, duties, liabilities and obligations of the Transferee Company and further that for the purpose of giving effect to the provisions of this Clause, it shall not be necessary to obtain the consent of any third party or other person who is a Party to any contract or arrangement by virtue of which such debts, liabilities, duties, obligations have arisen.

13. Place of Vesting

The vesting of undertaking shall by virtue of the provisions of this Scheme and the effect of the provisions of Section 230 to 232 of the Act take place at the Registered Office of the Transferee Company.

14. Enforcement of Legal Proceedings

All proceedings of whatsoever nature (legal and others, including any suits, appeals, arbitrations, execution proceedings, revisions, writ petitions, if any) by or against the Transferor Company shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of the Transferor Company or of anything contained in this Scheme but the said proceeding, shall, till the Effective Date be continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made and thereafter be continued, prosecuted and enforced by or against Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Transferor Company if this Scheme had not been made. The Transferee Company shall take steps to have the abovementioned proceedings continued in its name.

15. Enforcement of Contract, Deeds and other Instruments

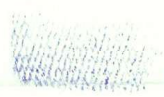


For NAVARATHNA HOUSING FINANCE

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Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES LTD



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Managing Director / Director

15.1 Subject to the provisions contained in this Scheme all contracts, deeds, bonds, agreements and other documents and other instruments of whatsoever nature to which the Transferor Company are a party subsisting or having effect immediately before the amalgamation shall remain in full force with the Transferee Company and may be enforced as fully and effectively as if instead of the Transferor Company the Transferee Company had been a party thereto.

15.2 As a consequence of the amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme, the recording of change in name from the Transferor Company to the Transferee Company, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.

16. Services of Employees to be continued uninterruptedly

All the employees of the Transferor Company shall become the employees of the Transferee Company without interruption by reason of such transfer and on terms and conditions of employment applicable to the said employees shall not in any way be less favorable to them than those applicable to them immediately prior to the Transfer Date.

17. Conduct of Business by Transferor Company till effective date

With effect from the Appointed Date and up to and including the Effective Date:

- I. The Transferor Company shall carry on and be deemed to have carried on all its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all the Assets for and on account of and in trust for the Transferee Company;
- II. All the profits or incomes or taxes but not limited to income tax, minimum alternate tax (including unexpired credit for minimum alternate tax), advance taxes, tax deducted at source by or on behalf of the Transferor Company, GST, research and development cess, refund, reliefs, etc. accruing or arising to the Transferor Company or expenditure or losses arising or incurred by the Transferor Company shall for all purpose be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses of the Transferee Company as the case may be.
- III. The Transferor Company shall carry on its business activity with reasonable diligence, business prudence and shall not, without prior consent of the Transferee Company alienate, charge, mortgage, encumber or otherwise deal with the Assets or any part thereof, except in the ordinary course of business or



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Managing Director / Director

For NAVARATHNA FINANCIAL SERVICE



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Managing Director / Director

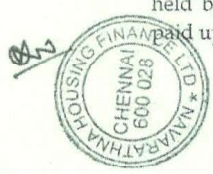
pursuant to any pre-existing obligation undertaken by the Transferor Company prior to the Appointed Date;

- IV. The Transferee Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require in relation to the Undertaking of the Transferor Company including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company
- V. Any further modifications by the Transferor Company to its capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassification, sub-division or re-organisation, declaration of dividend or in any other manner, whatsoever, shall not be made except by mutual consent of the Board of Directors of the Transferor Company and of the Transferee Company.
- VI. The Transferor Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees without the consent of the Board of Directors of the Transferee Company.

Provided that as far as the obligations referred above are concerned, the restrictions thereunder shall be applicable from the date of acceptance of the Scheme by the respective Board of Directors of the Transferor Company and the Transferee Company.

18. Consideration/Issue of Shares

- I. Upon the scheme being finally effective, in consideration of the transfer and vesting of the undertaking of the Transferor Company in the Transferee Company, in terms of this Scheme, the Transferee Company shall subject to the provisions of this Scheme, without any further act, application or deed, issue and allot as on a specific date (hereinafter called the Record Date) to be fixed by the Board of Directors of the Transferee Company as given hereunder.
- II. The Transferee Company shall, without any further application, act instrument or deed, issue and allot to the equity shareholders of the Transferor Company, whose names are registered in their Registers of Members on the Record Date (to be fixed by the Board of Directors of the Transferee Company) or his heirs, executors, as the case may be, successors, equity shares of INR 10 each credited as fully paid up of the Transferee Company, in the ratio of 175 shares (of NHFL) for every 100 equity shares (of NFSL) of the face value of INR 10/- each held by the equity shareholder in the Transferor Company credited as fully paid up.



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[Signature]

Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES LTD.



[Signature]

Managing Director / Director

- III. The new equity shares issued and allotted by the Transferee Company in terms of this Scheme to the shareholders of the Transferor Company shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall inter se rank pari passu in all respects with the then existing equity shares of the Transferee Company, including in respect of the dividend, if any, that may be declared by the Transferee Company on or after the Effective date.
- IV. The Shares of the Transferor Company held by the Transferee Company on the Record Date shall be cancelled and shall be deemed to have been cancelled without any further act or deed, and no shares of the Transferee Company are required to be issued in lieu thereof.
- V. No fractional coupons/shares shall be issued by the Transferee Company in respect of fractional share entitlement, if any, to which the shareholders of the Transferor Company may be entitled to, under the Scheme. On issue and allotment of shares by the Transferee Company as aforesaid, the Board of the Transferee Company shall round off the fractional shares to the nearest one.
- VI. The Board of Directors of Transferee Company shall, if and to the extent required, apply for and obtain any approvals from concerned Government/Regulatory Authorities or complete filings with Reserve Bank of India/Authorized Dealers or appropriate authority as per the applicable legal provisions for the issue and allotment of New Equity Shares to the members of First Transferor Company.
- VII. The Transferee Company shall, if necessary and to the extent required, increase its authorized share capital to facilitate issue of equity shares under this scheme.
- VIII. Approval of this Scheme by the Shareholders of Transferee Company shall be deemed to be the due compliance of the provisions of Section 62 and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Transferee Company to the Shareholders of the Transferor Company as provided in this Scheme.

19. Accounting Treatment

- I. The Transferee Company shall account for the amalgamation of the Transferor Company in its books of account in accordance with 'Pooling of Interests Method' of accounting laid down in 'AS-14 - Accounting for Amalgamations'.
- II. With effect from the Appointed Date, the Transferee Company shall record all the assets, liabilities and reserves of the Transferor Company vested in the Transferee Company pursuant to the Scheme at their respective carrying amounts, as appearing in



For NAWARATHNA HOUSING FINANCE LIMITED

Managing Director / Director

For NAWARATHNA FINANCIAL SERVICES LIMITED



Managing Director / Director

the books of the Transferor Company, after making adjustments pursuant to clause 19.IV. The identity of the Reserves of the Transferor Company will be preserved in the hands of the Transferee Company.

- III. The difference between the face value of the new shares issued and allotted and the net value of assets, liabilities, and reserves of the Transferor Company recorded by the Transferee Company in terms of clauses 19.II shall be adjusted to Revenue Reserves (General Reserve and/or Retained Earnings)
- IV. In case of any differences in the accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the amalgamation will be quantified and adjusted in the General Reserve of the Transferee Company to ensure that the Financial Statements of the Transferee Company reflect the Financial position on the basis of consistent accounting policy.
- V. To the extent there are inter-company loans, deposits, balances as between the Transferor Company and Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be. For the removal of doubt, it is clarified that in view of the above, there would be no accrual of interest or other charges in respect of any inter corporate loans, deposit, or balances with effect from the Appointed Date.

For NAVARATHNA HOUSING FINANCE

Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES LTD.

Managing Director / Director



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PART IV - RE-ORGANISATION OF SHARE CAPITAL

20. Ratio of Allotment

The Transferor Company and Transferee Company have assigned the work of valuation of shares of each company & its exchange ratio for merger to the IBBI registered valuer named Mr. Lalit Kumar Dangi whose IBBI Registered No is (IBBI/IPA-001/IP/P-01821/2019-2020/12859). He has submitted his report to the Board of Directors of both the companies.

The Exchange Ratio proposed in the valuation report is INR 1.75:1/- 175 (One Hundred Seventy-Five) equity shares of NHFL of INR 10/- each fully paid up for every 100 (One Hundred) equity shares of 'NFSL' of INR 10/- each fully paid up.

21. Goodwill

The Goodwill of Rs. 1,50,00,000/- (Rupees One Crore Fifty Lakhs Only) has been considered for the valuation as per rationale given by the Management.

22. Increase in the value of Investment

Navarathna Financial Services Ltd ('NFSL') holds 10,00,000 shares of Navarathna Housing Finance Ltd ('NHFL'). The book valuation of Navarathna Housing Finance Ltd ('NHFL') shares worked out to Rs. 12.72/- Hence, the value of investment of Navarathna Financial Services Ltd ('NFSL') in Navarathna Housing Finance Ltd ('NHFL') is taken of Rs. 1,27,20,000/- (10,00,000 x 12.72)

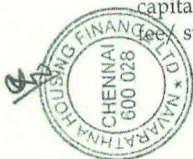
23. Cancellation of Shares

The Equity Shares of Transferor Company ('NFSL') will be cancelled without any further act of assurances whatsoever; The Shareholders of Transferor Company will get the Equity Shares of Transferee Company ('NHFL') in the exchange ratio as decided.

The Transferee Company ('NHFL') will further issue fresh equity shares other than 10,00,000 equity shares of ('NHFL') which are already held by ('NFSL'). The Net Issue of new Equity Shares will be net of 10,00,000 equity shares.

24. Alterations to Authorised Share Capital

24.1 Upon the Scheme becoming fully effective, the authorised share capital of the Transferor Company shall stand combined with the authorised share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Company on its authorised share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any stamp duty for its increased authorised share capital.



For NAVARATHNA HOUSING FINANCE LIMITED

[Signature]

Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES



[Signature]

Managing Director / Director

24.2 Clause 5 of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to the applicable provisions of the Act by deleting the existing Clause and replacing it by the following:

The Authorized Share Capital of the Company shall be Rs. 20,50,00,000/- (Rupees Twenty Crores and Fifty lakhs only) divided into 2,05,00,000 (Two Crore and Five lakhs only) Equity shares of Rs.10/- (Rupees Ten only) each. The Company has power, from time to time to increase or reduce its capital and to divide the shares in the capital for time being into other classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, condition or restrictions, as may be determined by or in accordance with the Articles of Association of the Company and to vary or modify or abrogate any such rights, privileges or conditions or restrictions in such manner as may for the time being permitted by the Articles of Association of the Company or the legislative provisions for the time being in force in that behalf.

24.3 The Confirmation of this Scheme under Section 230 to 232 of the Act shall be deemed to have the approval under the applicable provisions of the Act and any other consents and approvals required in this regard.

24.4 The approval of this Scheme by the shareholders of the Transferor and Transferee companies under section 230 to 232 of the Act shall be deemed to have the approval under the applicable provisions of the Act and any other consents and approvals required in this regard.

24.5 The Transferee Company will increase Authorised Capital by the amount to cover equity shares to be issued to the shareholders of the Transferee Company.

25. No Declaration of dividend by the Transferor Company

The Transferor Company shall not without the prior written consent of the Transferee Company declare any dividend for the Financial Year ending on or after the Appointed Date and subsequent Financial Years.

25.1. CONSEQUENTIAL MATTERS RELATING TO TAX

25.2. This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under the tax laws, specifically Section 2(1B) of the Income-tax Act, 1961 and other relevant provisions 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 at a later date including resulting from an amendment of law with retrospective effect or for any other reason whatsoever, till the time the Scheme becomes effective, 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 and other relevant provisions of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme. Upon the Scheme coming into effect, all taxes, cess/ duties, direct and/or indirect, payable by or on behalf of the



For NAVARATHNA HOUSING FINANCE LIMITED

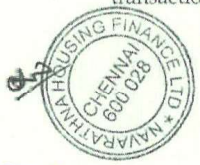
Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES LIMITED

Managing Director / Director

Transferor Company from the Appointed Date onwards including all or any refunds and claims, including refunds or claims pending with the Revenue Authorities and including the right to claim credit for minimum alternate tax and carry forward of accumulated losses, shall, for all purposes, be treated as the tax/cess/ duty, liabilities or refunds, claims, accumulated losses and credits pertaining to indirect taxes such as GST etc of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise, if it becomes necessary, its income-tax returns, GST returns, other tax returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. The Transferee Company is also expressly permitted to claim refunds / credits in respect of any transaction between the Transferor Company and the Transferee Company.

- 25.3. Provided further that upon the Scheme becoming effective, the Transferee Company is also expressly permitted to revise, if it becomes necessary, its income tax returns and related Tax Deducted at Source ('TDS') Certificates, including TDS Certificates relating to transactions between the Transferor Company and the Transferee Company, and to claim refunds, advance tax and withholding tax credits, benefit of credit for minimum alternate tax and carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.
- 25.4. The TDS/advance tax/minimum alternate tax, if any, paid by the Transferor Company under the Income-tax Act, 1961 or any other statute in respect of income of the Transferor Company assessable for the period commencing from Appointed date shall be deemed to be the tax deducted from/advance tax/ minimum alternate tax paid by the Transferee Company and credit for such TDS/advance tax/minimum alternate tax shall be allowed to the Transferee Company notwithstanding that certificates or challans for TDS/advance tax are in the name of the Transferor Company and not in the name of the Transferee Company.
- 25.5. In accordance with the provisions of Goods and Service Tax (GST) legislations, as are prevalent on the Effective Date, the unutilized credits, if any, relating to GST paid on inputs / works in process lying in the accounts of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the GST payable by it.
- 25.6. Any concessional or statutory forms under the laws of GST or local levies issued or received by the Transferor Company, if any, in respect of period commencing from the Appointed Date shall be deemed to be issued or received in the name of the Transferee Company and benefit of such forms shall be allowable to the Transferee Company in the same manner and to the same extent as would have been available to the Transferor Company.
- 25.7. In respect of the inter-company service transactions between the Appointed Date and the Effective Date of the Scheme of Amalgamation, GST charged by the service provider to the service recipient entity would be available as input credit to the recipient entity, despite such transactions getting disregarded as service transactions.



For NAVARATHNA HOUSING FINANCE LTD

[Signature]

Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES LTD

[Signature]

Managing Director / Director

26. Pre-Post-Merger Shareholding of Transferee Company

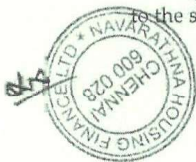
The Pre-Post-Merger Shareholding of NAVARATHNA HOUSING FINANCE LTD ('NHFL') will be:

Particulars	Amount in INR	Amount in INR
	Pre-Merger	Post-Merger
<u>Authorized</u> 1,30,00,000 equity shares of INR 10 each	INR 15,00,00,000	INR 20,50,00,000
<u>Issued and Subscribed Share Capital of INR 10 each</u> 1,38,14,306 equity shares of INR 10 each	INR 13,81,43,060	INR 21,83,16,350
<u>Fully Paid-Up Shares of INR 10 each</u> 1,38,14,306 equity shares of INR 10 each	INR 13,81,43,060	INR 21,83,16,350

Name of Shareholders holding more than 5% shares in Transferee Company

Particulars	Pre-Merger		Post-Merger	
	No. of shares	% of Holding	No. of shares	% of Holding
K Venkat Kumar	44,26,047	32.04%	42,46,047	20.27%
Navarathna Financial Services Ltd	10,00,000	7.24%	0	0.00%
V. Devikala	9,68,294	7.01%	28,41,295	13.01%
Kuvera Real Assets & Consulting Private Limited	0	0.00%	12,87,001	5.90%

Notes: Total shares issued to the shareholders of the Transferor Company ('NFSL') will be $(5152759 \times 1.75) = 90,17,329$ (While calculating eligible shares as per ratio, the resultant figures will be rounded off to the nearest integer) Equity Shareholders of Transferee Company. Since, Transferor Company is already holding 10,00,000 Equity Shares of Transferee Company, the net issue of shares to the shareholders of Transferor Company will be 80,17,329 Equity Shares.



For NAVARATHNA HOUSING FINANCE

Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES LTD

Managing Director / Director

PART V - GENERAL TERMS AND CONDITIONS

27. General Terms and Conditions of the Scheme

- I. The Transferee Company shall file necessary Petitions to 'The Hon'ble NCLT' for obtaining approval for this Scheme and for the consequent dissolution without winding up of the Transferor Company.
- II. The Transferee Company shall pay all costs, charges, levies, fees, duties and expenses of the Transferor Company in relation to or incidental with this Scheme of Amalgamation.
- III. If any doubt or difference or issue shall arise between the parties hereto or any of their shareholders, creditors, construction hereof or as to any account validation or apportionment to be taken or made of any asset or liability transferred under this Scheme or as to the accounting treatment thereof or as to anything else contained in or relating to or arising out of this Scheme the same shall be referred to CA [M/s. Velu Muthu Associates], whose decision shall be final and binding on all concerned.
- IV. The Board of Directors of the Transferor Company and Transferee Company or any person authorized by them by an assent on behalf of all concerned to any modification to this Scheme of Amalgamation or to any condition which the Hon'ble NCLT or the Government or any other authority may impose or which the said Board of Director may in their sole discretion think fit for the purpose of effectively carrying on this Scheme and the said Board of Directors may do all acts, things and deeds as may be necessary and/or expedient for the purpose of implementing this Scheme
- V. If any Part or provision of this Scheme hereof is invalid, ruled illegal by Central Government or any other competent authority, or unenforceable under present or future laws, then it is the intention of the Parties that such Part or provision, as the case may be, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part or provision, as the case may be, shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme, including but not limited to such Part or provision.
- VI. The Scheme is conditional and subject to the following sanctions and/or approvals, viz: -
 - a) The approval by the Creditors and the bankers of the Transferor Company and the Transferee Company.



For NAVARATHNA HOUSING FINANCE LIMITED

[Signature]

Managing Director * Director

For NAVARATHNA HOUSING FINANCE LIMITED



[Signature]

Managing Director / Director

- b) The approval by the requisite majority of the members of the Transferor Company and the Transferee Company, respectively;
- c) The approval by the Concerned Authorities under the said Act (inclusive of the Department of Company Affairs and the Office of the Official Liquidator, Chennai).
- d) The confirmation and final approval by the Hon'ble NCLT, Chennai.


All costs, charges and expenses arising out of and attributable to the Scheme (inclusive of Stamp Duty, NCLT Fees, Professional Costs or otherwise) the same shall be borne and paid for by the Transferee Company, and Transferor Company

- VII. In the event of the Scheme not being sanctioned and/or approved for any reason whatsoever, the and in such event, the terms and conditions hereof shall ipso facto stand declared null and void without any further resolution in that behalf and thereupon, neither the Transferor Company nor the Transferee Company shall any claim against the other in respect of the Scheme and respective Companies shall stand mutually released of the other and discharged of all obligations contemplated herein, without any further express act or assurance, in that behalf and the parties hereto shall bear and pay their respective costs and expenses incurred in connection or relating to this Scheme.
- VIII. The Scheme set out herein in its present form approved, imposed or directed by the Hon'ble NCLT shall be effective from the Appointed Date but shall be operative from the Effective Date.
- IX. Subject to an Order being made by Hon'ble NCLT, Chennai the Transferor Company shall be dissolved without the process of winding up on the scheme becoming effective in accordance with the provisions of the Act and Rules made thereunder.

For NAVARATHNA HOUSING FINANCE LIMITED


Managing Director / Director

For NAVARATHNA FINANCIAL SERVICES


Managing Director / Director

For NAVARATHNA HOUSING FINANCE LIMITED


Managing Director / Director