

**SCHEME OF ARRANGEMENT**

**BETWEEN**

**NATIONAL SECURITIES DEPOSITORY LIMITED**

**AND**

**NSDL DEPOSITORY LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

**UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 100 TO 103 OF THE  
COMPANIES ACT, 1956**

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**PREAMBLE**

**A. DESCRIPTION OF COMPANIES**

- i) National Securities Depository Limited (hereinafter referred to as “**NSDL**” or “**Transferor Company**”) is the first securities depository in India which was incorporated under the provisions of the Companies Act, 1956 and registered as a Depository under the Depositories Act, 1996 (hereinafter referred to as “**Depositories Act**”). The Depositories Act was enacted to provide a framework for smooth and paperless transfer of securities and efficient working of the Indian capital markets. NSDL is registered as a “depository” under the Depositories Act and has been granted a certificate of registration by the Securities and Exchange Board of India (“**SEBI**”) pursuant to the provisions of the Depositories Act read with the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”).
- ii) NSDL Depository Limited (hereinafter referred to as “**NDL**” or “**Transferee Company**”) is a wholly-owned subsidiary of the Transferor Company, incorporated with the object *inter alia* of carrying on the depository business.
- iii) In terms of the regulatory framework for the securities market, NSDL provides infrastructure support to investors, brokers, clearing corporations and stock exchanges.

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- NSDL provides various services to the investors through a network of entities known as Depository Participants. Investors open accounts with Depository Participants, registered with SEBI as Depository Participants of NSDL, for holding and transfer of securities in electronic form and various other services such as pledging and transmission and nomination facilities through the Depository Participants. Investors can dematerialise / re-materialise their securities by submitting their request to the Issuers and / or its Registrar and Transfer Agent through their Depository Participants.
- iv) Over the years, NSDL has diversified into business activities other than the primary depository activity, which comprises providing IT-enabled services *inter alia* including various services like setting up a Tax Information Network for the Income Tax Department, setting up Central Recordkeeping Agency for Pension Fund Regulatory & Development Authority etc. Currently, NSDL provides IT-enabled services to and / or on behalf of the below mentioned authorities:
- Central Board of Direct Taxes (“CBDT”);
  - Central Board of Excise and Customs (“CBEC”);
  - Pension Fund Regulatory and Development Authority (“PFRDA”);
  - Unique Identification Authority of India (“UIDAI”).
- v) NSDL has executed agreements with CBEC, CBDT and PFRDA and recently signed Memorandum of Understandings with CBEC for Goods and Service Tax project and UIDAI for acting as Registrar for UID.

## **B. RATIONALE FOR THE SCHEME OF ARRANGEMENT**

- i) As per regulation 7(c) of SEBI (Depositories and Participants) Regulations, 1996 (“**Depository Regulations**”) in order to be registered as a depository, a depository is required to segregate depository activity from activities other than that of a depository unless the activity is incidental to the activity of the depository. Further, the proviso to regulation 7(c) entails carrying out an activity not incidental to the activities of a depository that may be assigned to a depository by either the Central Government or a financial sector regulator through the establishment of a strategic business unit specific to such activity, with prior approval of Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”). SEBI may prescribe such conditions as it may deem relevant for the efficient and orderly functioning of the depository, including transfer of such activity to a separate company within such time as may be specified by SEBI.
- ii) The Board of Directors of NSDL has proposed to re-organize and segregate, by way of demerger, the depository business of NSDL into a separate company. NSDL has

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also obtained an approval from SEBI for the segregation of the depository undertaking as defined in this Scheme vide its letter dated 12<sup>th</sup> March 2012.

### **C. PARTS OF THE SCHEME**

This Scheme of Arrangement (“**the Scheme**”) is presented pursuant to the provisions of Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 for transfer of the Depository Undertaking of NSDL to NDCL. This Scheme is divided into the following parts:

- Part A – deals with Definitions and Share Capital
- Part B – deals with Demerger of Depository Undertaking; and
- Part C – deals with General Terms and Conditions that would be applicable to the Scheme.

### **PART A**

#### **DEFINITIONS AND SHARE CAPITAL**

### **1. DEFINITIONS**

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

- 1.1 “**Act**” or “**the Act**” means the Companies Act, 1956 any rules made there under and shall include any statutory modification or re-enactment or amendments thereof for the time being in force.
- 1.2 “**Appointed Date**” means the 1st day of April 2012 or such other date as may be fixed or approved by the High Court.
- 1.3 “**Board of Directors**” or “**Board**” means and includes the respective Board of Directors of the Transferor Company and the Transferee Company and shall include any Committee, including the “Audit Committee” of the Transferor Company, whether existing or constituted by such Board of Directors for the purpose of this Scheme.
- 1.4 “**Depository Undertaking**” or “**the Transferred Undertaking**” means the business segment of the Transferor Company engaged *inter alia* in the business of providing depository services under the Depositories Act including infrastructure support to brokers, clearing corporations, stock exchanges and providing various services to

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investors for holding and transfer of securities and other instruments in electronic mode through depository participants, and shall include all properties and assets (whether movable or immovable, tangible or intangible), investments in shares / securities, network of VSAT and leased lines, licenses, permits, all rights / title or interest in property(ies) by virtue of any court order / decree, approvals, lease, tenancy rights, permissions, and all other rights, titles, interests, contracts, consents, approvals or powers of every kind, nature and descriptions whatsoever, pertaining or relating to the depository business, and shall be deemed to include:

- (a) all properties and assets, moveable and immovable, tangible and intangible, corporeal and incorporeal, in possession, or in reversion, present and contingent of whatsoever nature, including all furniture, fixtures, plant and machinery, entire investments in NSDL Database Management Limited, investments in shares / securities pertaining to the depository business, servers, computers, installations, electrical equipments, tools, inventory, parts, spares, supplies, advances, deposits, sundry debtors, cash and bank balances, bills of exchange and other movable articles, pertaining or relating to the depository business of the Transferor Company, and all other interests or rights in or arising out of or relating to the depository business together with all respective rights, powers, interests, charges, privileges, benefits (details of immoveable property is described in **Schedule I** hereto);
- (b) all the debts, liabilities, duties, obligations and provisions, secured and unsecured, current and contingent, pertaining or relating to the depository business;
- (c) Investor Protection Reserve created in accordance with the Bye Laws of the Transferor Company;
- (d) all employees of the Transferor Company, including contractual employees, engaged in the depository business and those employees that are determined by the Board to be substantially engaged in the depository business;
- (e) all books, records, files, papers, engineering and process information, records of standard operating procedures, customer database, computer programmes along with their licenses, certificates, drawings, manuals, data catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form, directly or indirectly, in connection with or relating to the depository business;
- (f) any question that may arise as to whether a specified asset or liability pertains or does not pertain to the depository business shall be decided by mutual agreement

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between the Board of Directors of the Transferor Company and the Transferee Company.

The Reference Balance Sheet of the Transferee Company and the Transferor Company as on 1<sup>st</sup> April 2012, assuming that the Scheme has become effective, is attached as **Schedule II** to this Scheme. The financial values of the Reference Balance Sheet as per Schedule II shall be adjusted, if required, to give effect to Clause 1.4(f) above, and is subject to approval of the audited financial statements by the Board and Shareholders of the respective companies.

- 1.5 **“Effective Date”** means the date on which the last of the orders, sanctions, approvals, consents, conditions, matters or filings referred to in Clause 19 of this Scheme is complied with or obtained or waived, as the case maybe. Any references in this Scheme to the “date of coming into effect of this Scheme” or “effectiveness of this Scheme” or “Scheme taking effect” shall mean the Effective Date.
- 1.6 **“High Court”** means the High Court of Judicature at Bombay and shall include the National Company Law Tribunal, if applicable.
- 1.7 **“NDL” or “Transferee Company”** means NSDL Depository Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Trade World, A Wing, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
- 1.8 **“NSDL” or “Transferor Company”** means National Securities Depository Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Trade World, A Wing, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
- 1.9 **“Remaining Business”** means all the activities, operations, businesses, divisions and / or strategic business units of the Transferor Company excluding the Depository Undertaking as defined under this Scheme.
- 1.10 **“Schedule”** shall mean the schedule to this Scheme.
- 1.11 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement in its present form submitted to the High Court or with any modification(s) made under Clause 18 of this Scheme or with such other modifications / amendments as the High Court may direct.
- 1.12 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, including any statutory modification or re-enactment thereof from time to time.

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## 2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court or in terms of this Scheme shall take effect from the Effective Date but shall be operative from the Appointed Date.

## 3. SHARE CAPITAL

- 3.1 The share capital structure of the Transferor Company as on 31<sup>st</sup> March 2012 is as follows:

<b>PARTICULARS</b>	<b>AMOUNT (Rs.)</b>
<b>Authorized Capital</b> 500,000,000 Equity Shares of Rs.10/- each	5,000,000,000
<b>TOTAL</b>	<b>5,000,000,000</b>
<b>Issued, Subscribed and Paid-up Capital</b> 80,000,000 Equity Shares of Rs.10/- each fully paid-up	800,000,000
<b>TOTAL</b>	<b>800,000,000</b>

Subsequent to 31<sup>st</sup> March 2012, there has been no change in the issued, subscribed and paid-up capital of the Transferor Company.

- 3.2 The share capital structure of the Transferee Company as on the date immediately preceding the Board Resolution approving the Scheme is as follows:

<b>PARTICULARS</b>	<b>AMOUNT (Rs.)</b>
<b>Authorized Capital</b> 100,000,000 Equity Shares of Rs.10/- each	1,000,000,000
<b>TOTAL</b>	<b>1,000,000,000</b>
<b>Issued, Subscribed and Paid-up Capital</b> 50,000 Equity Shares of Rs.10/- each fully paid-up	500,000
<b>TOTAL</b>	<b>500,000</b>

The entire share capital of the Transferee Company is held by the Transferor Company and its nominees.

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**PART B**  
**DEMERGER OF THE DEPOSITORY UNDERTAKING**

**4. TRANSFER AND VESTING OF THE DEPOSITORY UNDERTAKING**

Upon this Scheme coming into effect and with effect from the Appointed Date, the Depository Undertaking of the Transferor Company (and not the Remaining Business), as defined in Clause 1.4 of this Scheme, shall stand transferred to and vested in the Transferee Company, as a going concern, in accordance with Section 2(19AA) of the Income Tax Act, 1961, and in the following manner:

- 4.1 Upon this Scheme coming into effect, and with effect from the Appointed Date, and subject to the provisions of this Scheme in relation to the mode of transfer and vesting, the Depository Undertaking shall, without any further act, instrument or deed, be and stand de-merged from the Transferor Company and transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company as a going concern, so as to vest in the Transferee Company, all the rights, titles and interests pertaining to the Depository Undertaking, pursuant to Sections 391 to 394 of the Act and any other relevant provisions of the Act and the order of the Hon'ble High Court sanctioning the Scheme, subject however, to subsisting charges, if any.
- 4.2 Without prejudice to the provisions of Clause 4.1 above, in respect of such of the assets and properties (whether movable or immovable, tangible or intangible) of the Depository Undertaking, including cash in hand, capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed and delivered, as the case may be, and shall upon such delivery or endorsement and delivery, become the assets and properties of the Transferee Company, without requiring any deed or instrument or conveyance for the same.
- 4.3 In respect of movable assets other than those specified in Clause 4.2 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following methodology shall to the extent possible be followed:

The Transferor Company shall give notice in such form as it may deem fit and proper to each person, debtor or depositee that pursuant to the High Court having sanctioned this Scheme, the said debt, loan, advance or deposit be paid to or made good to or



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- held on account of the Transferee Company and that the right of the Transferor Company to recover or realise the same stands extinguished.
- 4.4 Upon this Scheme coming into effect, and with effect from the Appointed Date, and subject to the provisions of this Scheme, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Transferor Company pertaining or relating to the Depository Undertaking shall, without any further act, instrument or deed, be and stand transferred from the Transferor Company and transferred to and vested in or be deemed to be transferred to and vested in and assumed by the Transferee Company so as to become as and from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company, pursuant to Sections 391 to 394 of the Act and any other relevant provisions of the Act and the order of the Hon'ble High Court sanctioning the Scheme, and 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, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.
- 4.5 All permits, no objection certificates, contracts, permissions, approvals, consents, rights, entitlements, licenses, including those relating to tenancies, copyrights, intellectual property rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Depository Undertaking to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect on the Effective Date, shall stand transferred to and vested in the Transferee Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee Company upon the vesting and transfer of Depository Undertaking pursuant to this Scheme, and shall be and remain in full force, operative and effectual for the benefit of the Transferee Company, and may be enforced by the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been the original party or beneficiary or obligee thereto.
- 4.6 This part of the Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, 1961, the provisions of Section 2(19AA) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent

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necessary to comply with Section 2(19AA) of the Income-tax Act, 1961; such modification to not affect other parts of the Scheme.

## **5. CONSIDERATION**

5.1 Upon this Scheme coming into effect, and in consideration of the demerger, the Transferee Company shall, without any further application or deed, issue and allot fully paid-up equity shares on a proportionate basis to all the shareholders of the Transferor Company whose names appear in the register of members of the Transferor Company as on the Effective Date, or his / her heirs, executors, administrators or successors-in-title, as the case may be, on the following basis:

*“For every 2 (two) fully paid-up equity shares of Rs 10/- each held by the equity shareholders in the Transferor Company on the Effective Date, 1 (one) fully paid-up equity share of Rs 10/- each of the Transferee Company”.*

5.2 Any fraction arising on issue of equity shares as above will be rounded off, or as the case may be, truncated, to the nearest integer.

5.3 The equity shares issued pursuant to Clause 5.1 above shall be subject to the Memorandum and Articles of Association of the Transferee Company.

5.4 The equity shares issued pursuant to Clause 5.1 above shall rank pari passu in all respects with the existing equity shares of the Transferee Company.

5.5 The equity shares issued pursuant to Clause 5.1 above is an integral part hereof and shall be deemed to have been carried out without any further act or deed by the Transferee Company as if the procedure laid down under Section 81(1A) of the Act and any other applicable provisions of the Act were duly complied with.

5.6 The Transferee Company shall file the requisite forms with the Registrar of Companies, Maharashtra at Mumbai upon issuance of equity shares.

## **6. REDUCTION IN SHARE CAPITAL OF THE TRANSFEE COMPANY**

6.1 Upon this Scheme coming into effect, and upon issue of equity shares in accordance with Clause 5.1 above, investments made by the Transferor Company in the Transferee Company in the form of equity shares shall automatically stand cancelled, without any further act or deed.

6.2 An amount equivalent to the amount of share capital reduced as per Clause 6.1 above shall be adjusted by the Transferee Company in accordance with Clause 13.3 of this Scheme.

6.3 The reduction shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 100 to 103 and any other applicable provisions of the Act

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and the order of the jurisdictional High Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of the unpaid share capital or return of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the foregoing, it is clarified for the avoidance of doubt that the Transferee Company shall not be required to add "And Reduced" as suffix to its name.

## **7. REDUCTION IN SHARE CAPITAL OF THE TRANSFEROR COMPANY**

7.1 Upon this Scheme coming into effect, and upon issue of equity shares in accordance with Clause 5.1 above, the issued, subscribed and paid-up share capital of the Transferor Company shall stand reduced from Rs. 80,00,00,000/- (Rupees eighty crores only) comprising of 8,00,00,000 equity shares of Rs.10/- each to Rs. 40,00,00,000/- (Rupees forty crores only) comprising of 4,00,00,000 equity shares of Rs.10/- each, without any further act or deed.

7.2 The aforesaid reduction will be effected by cancelling 4,00,00,000 equity shares of Rs.10/- each fully paid-up proportionately, on the basis of shares held on the Effective Date. Any fraction arising on the reduction of equity shares mentioned above shall be rounded-off to the nearest integer.

7.3 An amount equivalent to the amount of share capital reduced as per Clause 7.1 & Clause 7.2 above shall be adjusted against the Net Assets transferred by the Transferor Company in accordance with Clause 14.2 of this Scheme.

7.4 The reduction shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 100 to 103 and any other applicable provisions of the Act and the order of the jurisdictional High Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of the unpaid share capital or the return of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the foregoing, it is clarified for the avoidance of doubt that the Transferor Company shall not be required to add "And Reduced" as suffix to its name.

## **8. CONTRACTS, DEEDS, ETC.**

8.1 Upon this Scheme coming into effect, and subject to the provisions of this Scheme, all contracts, including contracts with Depository Participants, Issuers and Registrar & Transfer Agents, Clearing Corporation / Clearing House of Stock Exchange in

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terms of the Bye Laws & Business Rules of NSDL and contracts for tenancies, licenses, deeds, bonds, agreements, incentives, benefits, exemptions, entitlements, arrangements, Bye Laws & Business Rules, operations manuals, guidelines and other instruments of whatsoever nature relating to the Depository Undertaking to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

8.2 The Transferee Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings, confirmations or novations or tripartite arrangements with any party to any contract or arrangement to which Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Company and relating to the Depository Undertaking and to carry out or perform all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed, to give effect to the provisions of this Scheme.

## **9. STAFF, WORKMEN AND EMPLOYEES**

9.1 On the Scheme becoming effective, all staff, workmen and employees of the Transferor Company (excluding the contractual staff) relating to the Depository Undertaking and in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Effective Date or joining date whichever is later, without any break, discontinuance or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to the Transferor Company on the Effective Date.

9.2 It is expressly provided that, on the Scheme becoming effective, the existing provident fund, gratuity fund and pension and / or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Transferor Company for the employees relating to the Depository Undertaking (collectively

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referred to as the “Funds”), and such of the investments made by the Funds which are relatable to the employees of the Depository Undertaking being transferred to the Transferee Company, shall be transferred to the Transferee Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, either be continued as separate funds of the Transferor Company for the benefit of the employees related to the Depository Undertaking or be transferred to and merged with other similar funds of 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 relevant funds of the Transferor Company, until such time that the Transferee Company creates their own fund at which time the Funds and the investments and contributions pertaining to the employees related to Depository Undertaking shall be transferred to the funds created by the Transferee Company. Subject to the relevant law, rules and regulations applicable to the Funds, the Board of Directors or any committee thereof of the Transferor Company and the Transferee Company may decide to continue to make the said contributions to the Funds of the Transferor Company. It is clarified that the services of the staff, workmen and employees of the Transferor Company will be treated as having been continuous for the purpose of the said Fund or Funds.

## **10. LEGAL PROCEEDINGS**

- 10.1 If any suit, appeal, action or legal proceeding of whatever nature by or against the Transferor Company and relating to the Depository Undertaking is pending on or before the Effective Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the demerger or by anything contained in this Scheme, but the said suit, appeal, action or legal proceeding 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 this Scheme had not been made.
- 10.2 On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in relation to the Depository Undertaking of the Transferor Company.
- 10.3 All disputes pending under the arbitration mechanism of the Transferor Company shall be continued to be conducted without further act, deed or thing to be done, as if the arbitration mechanism had always been promulgated by the Transferee Company.

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## **11. CONDUCT OF BUSINESS**

11.1 With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company;

- i) shall be deemed to have been carrying on all business activities relating to the Depository Undertaking and stand possessed of all the assets, rights, title, interest and authorities of the Depository Undertaking for and on account of, and in trust for the Transferee Company;
- ii) shall ensure that all profits or incomes accruing or losses or expenditures arising or incurred by it from the Appointed Date till the Effective Date, relating to the Depository Undertaking, shall for all purposes, be treated as the profits, incomes, taxes or losses or expenditures as the case may be, of the Transferee Company; and
- iii) shall carry on the business of the Depository Undertaking with reasonable care and diligence in the ordinary course of business, and in the same manner as it had been doing hitherto and the Transferor Company shall not alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof of the Depository Undertaking except in the ordinary course of business without the prior consent of the Transferee Company.

11.2 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government, and all other agencies, departments and authorities concerned as are necessary under any law for such registrations, consents, approvals and sanctions which the Transferee Company may require to carry on the business of the Depository Undertaking.

## **12. SAVING OF CONCLUDED TRANSACTIONS**

12.1 The transfer and vesting of the Depository Undertaking of the Transferor Company under Clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company relating to the Depository Undertaking on or before the Appointed Date or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

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**13. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEREE COMPANY**

On the Scheme becoming effective, the Transferee Company shall provide for the following accounting treatment in its books of accounts:-

- 13.1 Upon the Scheme becoming effective, the Transferee Company shall, record the assets, liabilities (including any additions and accretions thereto) and reserve pertaining to the Depository Undertaking of the Transferor Company vested in it pursuant to this Scheme, at their respective book values thereof as appearing in the books of the Transferor Company (excluding revaluation, if any).
- 13.2 The Transferee Company shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to Clause 5 of this Scheme.
- 13.3 The difference between the Net Assets (“Net Assets” means excess of book value of assets transferred over the book value of liabilities and reserve transferred) and the amount credited as share capital, as adjusted by the amount representing the reduction in share capital described in Clause 6, shall be recorded as General Reserve where the difference is positive, and shall be recorded as Goodwill where the difference is negative.

**14. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY**

On the scheme becoming effective, the Transferor Company shall provide for the following accounting treatment in its books of accounts:

- 14.1 Upon the Scheme becoming effective, the Transferor Company shall deduct the book values of the assets, liabilities and reserve transferred to and vested in the Transferee Company, from the respective assets, liabilities and reserve in its books of account.
- 14.2 The Net Assets transferred pursuant to the Scheme as reduced by the amount representing the reduction in share capital described in Clause 7 shall be adjusted, to the extent required, against the balance in the Capital Redemption Reserve Account to the extent available, followed by the balance in the General Reserve Account to the extent available, followed by the balance in the Profit and Loss Account.
- 14.3 To the extent the amount is adjusted against the Capital Redemption Reserve Account in accordance with Clause 14.2 above, there shall be capital reduction of the Capital Redemption Reserve Account which shall be effected as an integral part of the Scheme itself in accordance with the provisions of Sections 100 to 103 of the Act, as

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the same does not involve either diminution of liability in respect of unpaid share capital or return to any shareholder of paid-up share capital and the order of the Hon'ble High Court sanctioning the Scheme, shall be deemed to be an order under Section 102 of the Act confirming reduction of Capital Redemption Reserve Account.

**15. CHANGE OF NAME OF THE TRANSFEROR COMPANY AND THE TRANSFEREE COMPANY**

15.1 Upon this Scheme coming into effect, without any further act or deed, the Transferee Company shall be renamed as "National Securities Depository Limited" while the Transferor Company shall be renamed as "NSDL e-Governance Infrastructure Limited". The Transferor Company shall also comply with the requirement of changes in name in the share certificates of the Transferor Company held in Physical Form, if any.

15.2 Pursuant to this Scheme, the Transferor Company and the Transferee Company shall file the requisite forms with the Registrar of Companies, Maharashtra at Mumbai and shall obtain a fresh certificate of incorporation upon the change of its name in accordance with Clause 15.1 above.

15.3 It is hereby clarified that for the purposes of Clauses 15.1 and 15.2 above, the consent of the respective shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or changing the name of the Transferor Company and the Transferee Company, and no further resolution under the Act would be required to be separately passed.

**PART C**

**GENERAL TERMS AND CONDITIONS**

**16. REMAINING BUSINESS**

The Transferor Company shall continue to carry on its business activities, other than the Depository Undertaking, and all the assets, liabilities and obligations pertaining to the businesses other than the Depository Undertaking arising prior to, on or after the Appointed Date shall continue to belong to, be vested in and be managed by the Transferor Company.

**17. APPLICATIONS TO THE HIGH COURT**

The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make necessary applications / petitions, under Sections 391 to 394 read with



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Sections 100 to 103 of the Act and other applicable provisions of the Act to the High Court(s) for seeking sanction of this Scheme.

**18. MODIFICATIONS / AMENDMENTS TO THE SCHEME**

The Transferor Company and the Transferee Company by their respective Boards of Directors or such other person or persons, as the respective Boards of Directors may authorize including any committee or sub-committee thereof, may make and / or consent to any modifications / amendments to this Scheme or to any conditions or limitations that the court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them or the Board, including the withdrawal of this Scheme and to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith. The power of the Board to modify / amend the Scheme shall be subject to the approval of the High Court.

**19. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS**

The Scheme is conditional upon and subject to:

- 19.1 Approval of the Scheme by the requisite majority of the respective shareholders and / or creditors of the Transferor Company and the Transferee Company as required under the Act and as may be directed by the High Court;
- 19.2 Sanctions and Orders under the provisions of the Act being obtained by the Transferor Company and the Transferee Company from the High Court;
- 19.3 Such other sanctions and approvals, including sanctions from regulatory authorities as may be required by law, as may be determined by the Board of Directors;
- 19.4 Certified copies of the orders of the High Court, sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai by the Transferor Company and the Transferee Company.

**20. COSTS**

The Transferor Company and the Transferee Company shall bear and pay their respective compliance & legal costs (including fees to High Court, Corporate Law authorities, etc.), taxes including duties, levies, etc. arising out of, or incurred in implementing this Scheme and matters incidental thereto. Any other costs, charges and all other expenses (including professional charges), arising out of, or incurred in

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implementing this Scheme, shall be borne by the Transferor Company. Stamp duty cost, if any, shall be borne by the Transferee Company.

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**SCHEDULE I**

**Details of Immoveable Assets pertaining to the Depository Undertaking and to be transferred to the Transferee Company**

<b>Particulars</b>	<b>Approximate Area in Sq. Ft</b>
BUILDINGS – 3 <sup>rd</sup> Floor, 4 <sup>th</sup> Floor, 5 <sup>th</sup> Floor and Basement of Trade World, A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.	45,000

**SCHEDULE II**

**Reference Balance Sheet of the Transferee Company & Transferor Company pursuant to the Scheme of Arrangement as on the 1<sup>st</sup> April 2012**

Particulars	Transferee Company		Transferor Company	
	Amount (Rs. in lakhs)	Amount (Rs. in lakhs)	Amount (Rs. in lakhs)	Amount (Rs. in lakhs)
<b><u>Sources of Funds</u></b>				
Share Capital		4,000		4,000
Reserves and Surplus				
- General Reserve	23,108		4,580	
- Investor Protection Reserve	700		---	
- Surplus in Profit & Loss Account	---	23,808	7,438	12,018
<b>Total</b>		<b>27,808</b>		<b>16,018</b>
<b><u>Application of Funds</u></b>				
Fixed Assets		3,467		6,247
Capital work-in-progress		---		48
Investments		26,027		3,413
Deferred Tax Assets (net)		289		395
<b><u>Current Assets, Loans and Advances</u></b>				
Sundry Debtors	735		8,994	
Cash and Bank Balances	790		1,383	
Other Current Assets	955		55	
Loans & Advances	495		4,333	
	2,975		14,765	
<b><u>Current Liabilities &amp; Provisions</u></b>				
Liabilities	4,642		4,720	
Provisions	308		4,130	
	4,950		8,850	
Net Current Assets		(1,975)		5,915
<b>Total</b>		<b>27,808</b>		<b>16,018</b>