

SCHEME OF ARRANGEMENT

BETWEEN

**CRISIL LIMITED
(TRANSFEROR COMPANY)**

AND

**CRISIL RATINGS LIMITED (A COMPANY INCORPORATED AS A WHOLLY
OWNED SUBSIDIARY OF CRISIL LIMITED)
(TRANSFeree COMPANY)**

AND

THEIR RESPECTIVE SHAREHOLDERS

(UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013)

PREAMBLE

(A)BACKGROUND TO THE SCHEME OF ARRANGEMENT

The Scheme (as defined hereinafter) is presented pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Companies Act, 2013, as may be applicable, for the transfer of the Ratings business undertaking (as defined hereinafter) of the Transferor Company (as defined hereinafter) and vesting of the same with the Transferee Company (as defined hereinafter), as a going concern on a slump sale basis.

Additionally, the Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

(B)DESCRIPTION OF THE COMPANIES WHO ARE PARTIES TO THE SCHEME OF ARRANGEMENT

a) CRISIL Limited (“CRISIL”) or Transferor Company

1. CRISIL Limited (“CRISIL” or “Transferor Company”) is a public limited company incorporated under the provisions of Companies Act, 1956 and having its registered office at CRISIL House, Central Avenue, Hiranandani Business Park, Powai – Mumbai, Maharashtra-400 076.
2. The equity shares of the company are listed on the BSE Limited and the National Stock Exchange of India Limited (together the “Stock Exchanges”).
3. The Transferor Company is a leading service provider of ratings (registered and accredited with Securities Exchange Board of India and Reserve Bank of India respectively), data, research, analytics and solutions.
4. The principal activities of the Transferor Company comprise the following major business segments;
 - (i) Ratings - Providing ratings of financial instruments under the respective guidelines of various financial regulators and authorities, including ratings of securities, bank loans and other related instruments and services such as issuer ratings, expected loss ratings, loss given default assessments, credit assessments and covers any new permitted instruments, grading and assessments including those of small and medium enterprises, real estate projects and support for financial data

and analysis services to S&P Global Ratings; and

- (ii) Research - Provides data, research and analytics across various asset classes in India and globally, including deep coverage on macro economy, companies and sectors in India.

b) CRISIL Ratings Limited (a company incorporated as a wholly owned subsidiary of CRISIL Limited) (“Transferee Company”)

1. The Transferee Company is incorporated as a public limited company under the provisions of Companies Act, 2013 and having its registered office at CRISIL House, Central Avenue, Hiranandani Business Park, Powai – Mumbai, Maharashtra-400 076.
2. The entire paid up share capital of the Transferee Company is held by CRISIL along with its nominees.
3. The Transferee Company will be registered with the Securities and Exchange Board of India (“SEBI”) as a Credit Rating Agency (“CRA”) and will be engaged in the business of providing credit ratings, research and other activities as permitted by law and under the applicable regulations.
4. The Transferee Company will be accredited by Reserve Bank of India to act as an External Credit Assessment Institution.

(C) RATIONALE AND BENEFITS OF THE SCHEME

1. Presently, the business verticals of Transferor Company viz. Ratings and Research are operated by the Transferor Company under a single entity.
2. Vide Notifications/Circulars dated May 30, 2018 and September 19, 2018, SEBI notified the SEBI (Credit Rating Agencies) (Amendment) Regulations, 2018 (“CRA Regulations 2018”) to amend the SEBI (Credit Rating Agencies) Regulations, 1999, SEBI prescribed that a credit rating agency shall not carry out any activity other than ratings of securities offered by way of public or rights issue, rating of financial instruments under the respective guidelines of the financial sector regulators/ authorities as specified in Annexure A of the CRA Regulations 2018 and research activities, incidental to rating, such as research for Economy, Industries and Companies. If any credit rating agency is providing any other service

other than the aforesaid, such activity is to be segregated to a separate entity within a period of two years from the date of the said CRA Regulations 2018 i.e. by May 30, 2020.

3. As indicated at para 1 above, apart from its ratings services envisaged under the CRA Regulations 2018, the Transferor Company also provides other services (viz. grading and assessments including those of small and medium enterprises, support for financial data and analysis services to S&P Global Ratings, global research and analytics and India research. In order to comply with the aforesaid regulatory changes, it is proposed to segregate the Ratings business undertaking of the Transferor Company, (as defined subsequently in Clause 1.12), to its wholly owned subsidiary company (CRISIL Ratings Limited) as a going concern by way of a slump sale.

(D) PARTS OF THE SCHEME

The Scheme is divided into the following parts:

- i. **PART A** - Definitions and Share Capital;
- ii. **PART B** - Transfer of the Ratings business undertaking of the Transferor Company to the Transferee Company; and
- iii. **PART C** - General Terms and Conditions.

PART A

1. DEFINITIONS

In the Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meaning attributed to them as below:

- 1.1. "**Act**" means the Companies Act, 2013 and shall include the provisions of the Companies Act, 1956, to the extent the corresponding provisions in the Companies Act, 2013 have not been notified;
- 1.2. "**Applicable Law(s)**" means any statute, law, ordinance, rule, regulation, press note, notification, circular, order, writ, injunction, directive, judgment or decree issued by

any governmental authority and/or any other authority exercising jurisdiction over the Companies;

- 1.3. **"Appointed Date"** for the purpose of this scheme means January 01, 2020 or such other date as may be approved by the bench of National Company Law Tribunal at Mumbai, Maharashtra or such other competent authority;
- 1.4. **"Asset(s)"** mean(s) and include(s) all fixed, movable, intangible, financial, non-financial assets and rights of every kind, nature, character and description of whatsoever nature and wheresoever situated, whether or not required to be reflected on the balance sheet of the Transferor Company in accordance with the accounting standards and pertaining to the Ratings business undertaking, including but not limited to every associated right as on the Appointed Date;
- 1.5. **"Board"** or **"Board of Directors"** means the respective board of directors of the Companies and shall, unless repugnant to the context, include a committee of directors or any person authorized by the Board or such committee of directors;
- 1.6. **"Companies"** means the Transferor Company and the Transferee Company;
- 1.7. **"CRA"** means Credit Rating Agency as defined in SEBI (Credit Rating Agencies) Regulations, 1999 as amended from time to time;
- 1.8. **"Effective Date"** means the last of the date on which all conditions, matters and filings referred to in Clause 18 hereof have been fulfilled and necessary orders, approvals and consents referred to therein have been obtained; Any reference in the Scheme to **"upon the Scheme becoming effective"** or **"effectiveness of the Scheme"** shall be a reference to the Effective Date;
- 1.9. **"ESOP"** means the Employee Stock Option Scheme – 2011 (ESOS 2011), Employee Stock Option Scheme – 2012 (ESOS 2012), Employee Stock Option Scheme – 2014 (ESOS 2014) and any other Employee Stock Option Scheme or any long term incentives provided by the Transferor Company to its employees;
- 1.10. **"Liability(ies)"** means all debts, liabilities and obligations of every kind, nature and description, whether accrued or not, known or unknown, absolute or contingent, matured or un-matured, determined or determinable, attributable to and/ or arising out of the activities or operations of the Ratings business undertaking, as on the Appointed Date, and includes, without limitation, all such debts, liabilities and

obligations of the Transferor Company, pertaining to the Ratings business undertaking, which (i) pertain to a period prior to the Appointed Date but may arise after the Appointed Date; and/or (ii) may have arisen prior to the Appointed Date but remain outstanding as on the Appointed Date or which are continuing as on the Appointed Date;

1.11. **"NCLT"** means the bench of the National Company Law Tribunal at Mumbai and shall include, if applicable, such other forum or authority as may be vested with the powers of the NCLT under the Act;

1.12. **"Ratings business undertaking"** means the Ratings business undertaking of the Transferor Company which undertakes ratings of financial instruments under the respective guidelines of the financial regulator and authorities, including ratings of debentures, bonds, commercial papers, issuer ratings, bank loan facilities, fixed deposits, certificate of deposits, preference shares, pass through certificates issued in securitization transactions and other financial instruments, credit quality rating of mutual funds, capital protection oriented fund rating, financial strength rating (insurance companies), Independent Credit Evaluation of resolution plans for stressed assets, recovery risk ratings for security receipts (SRs), credit assessments in the nature of scenario based ratings, expected loss, loss estimates for securitized pools, loss given default and other products and rating services and includes and covers any new permitted instruments, and includes;

1.12.1. All assets (whether moveable or immovable) and liabilities pertaining to the Ratings business undertaking as on the Appointed Date.

1.12.2. Without prejudice to the generality of the provisions of the sub-Clause 1.12.1 above, the Ratings business undertaking shall include without limitations the following:

- (a) All assets (whether moveable or immovable) including freehold land, office premises, all other assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) including, without limitation, interests, loans, deposits, advances (including accrued interest), investments, receivables, cash on hand, investment in mutual funds, liquid funds, balance with banks (including bank fixed deposits), equipment, plant and machinery and the related assets and agreements, capital work in progress, unbilled revenue, furniture, fixtures, office equipment, appliances, accessories, vehicles, power connections, utilities and other service connections, all

customer contracts, forward cover contracts, hedging contracts, receivables, claims, refunds, earnest moneys paid, rights and benefits under any agreements or security arrangements and funds, contingent rights, rights arising under contracts, and all other rights, title, interests, privileges and benefits of every kind, wherever located (including in the possession of vendors, third parties or elsewhere) and used or held, by Transferor Company in, or otherwise identified for use in, or relating to, the business activities and operations pertaining to the Ratings business undertaking of the Transferor Company;

- (b) All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, rating actions or other instruments of whatsoever nature to which Transferor Company is a party, relating to its Ratings business undertaking, or otherwise identified to be for the benefit of the same, approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension pertaining to or relatable to the Ratings business undertaking of the Transferor Company;
- (c) All intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, patents, rating criteria and processes, rating models, designs, software and computer programmes, databases, domain names, websites, including those pending registrations and applications for brands, trademarks, labels, trade names, service marks, registered ratings symbols, copyrights, patents, designs, software and computer programs, databases and domain names, used or held for use by Transferor Company in the business, activities and operations pertaining to its Ratings business undertaking;
- (d) All permits, registrations, licenses, including regulatory accreditations, relevant insurance policies, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Transferor Company in relation to or pertaining to its Ratings business undertaking, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or semi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by the Transferor Company in respect of business, activities and operations pertaining to its Ratings business undertaking;

- (e) All tax credits, including CENVAT credits, refunds, reimbursements, claims, exemptions, benefits under service tax laws, value added tax (VAT), goods and services tax or any other duty or tax or cess or imposts under any Central or State law, tax deducted at source and exemptions, deductions, benefits and incentives under the Income-tax Act, 1961 in respect of business, activities and operations pertaining to the Ratings business undertaking of the Transferor Company; all rights, benefits and other interest, whether held in trust or otherwise, contracts, agreements, powers, engagements, arrangements of all kind, privileges and all other rights including title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, possession, power or custody of or in the control of or vested in or granted in favour of or enjoyed by the Transferor Company, whether in India or abroad, all pertaining to or relatable to the Ratings business undertaking of the Transferor Company;
- (f) All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to or relatable to the Ratings business undertaking of the Transferor Company;
- (g) All such employees including contract employees as are primarily engaged in or in relation to the business activities and operations pertaining to the Ratings business undertaking at the respective offices, branches, etc, and any other employees/personnel hired on and after the date hereof who are primarily engaged in or in relation to the business, activities and operations pertaining to the Ratings business undertaking of the Transferor Company;
- (h) All liabilities and all debts, guarantees, assurances, commitments, obligations, loans, and undertakings of any kind, nature and description whatsoever and howsoever arising, present or future and including, without limitation, borrowings, working capital facilities, advances from customers, unearned revenues, bills payable, interest, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or un-known, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to or relatable to the Ratings business undertaking of the Transferor Company.

Any question that may arise as to whether a specific asset or liability or any other property or employee, including an unallocated asset or liability, pertains or does not

pertain to the Ratings business undertaking of the Transferor Company or whether it arises out of the activities or operations of the Ratings business undertaking of the Transferor Company shall be decided by mutual agreement between the Board of Directors of the Transferor Company and the Transferee Company.

- 1.13. **"Residual Undertaking"** means the remaining activities, assets, business, contracts, employees and liabilities (actual and contingent) of the Transferor Company not forming part of the Ratings business undertaking;
- 1.14. **"Scheme"** means the Scheme of Arrangement in its present form, or with any modification(s), as may be approved or directed by the NCLT;
- 1.15. **"SEBI"** means Securities and Exchange Board of India;
- 1.16. **"SEBI Circular"** means, together, the circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, the circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017, the circular no. CFD/DIL3/CIR/2017/105 dated September 21, 2017 and circular no. CFD/DIL3/CLR/2018/2 dated January 03, 2018, each issued by the SEBI under the SEBI(LODR);
- 1.17. **"SEBI (LODR)"** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 1.18. **"Stock Exchanges"** means the National Stock Exchange of India Limited and the BSE Limited;
- 1.19. **"Transferee Company"** means CRISIL Ratings Limited (a company incorporated as a wholly owned subsidiary of CRISIL Limited) incorporated under the provisions of Companies Act, 2013 and having its registered office at CRISIL House, Central Avenue, Hiranandani Business Park, Powai – Mumbai, Maharashtra-400 076.
- 1.20. **"Transferor Company"** means CRISIL Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and currently having its registered office situated at CRISIL House, Central Avenue, Hiranandani Business Park, Powai – Mumbai, Maharashtra-400 076.; and
- 1.21. 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, the Securities Contract (Regulation) Act, 1956, the Depositories Act, 1996 and

other applicable laws, rules, regulations, bye-laws, as the case may be, or any statutory modification or re-enactment thereof from time to time.

2. CAPITAL STRUCTURE

2.1. TRANSFEROR COMPANY

2.1.1. The authorized, issued, subscribed and fully paid-up share capital of the Transferor Company as on December 31, 2018 was as under:

SHARE CAPITAL	AMOUNT IN RS.
Authorized share capital	
10,00,00,000 equity shares of Re. 1 each	10,00,00,000
Total	10,00,00,000
Issued, subscribed and paid-up capital	
7,21,15,782 equity shares of Re. 1 each	7,21,15,782
Total	7,21,15,782

Subsequent to December 31, 2018, there is an increase in the issued, subscribed and paid up equity share capital of the Transferor Company due to allotment under the ESOP scheme. Accordingly, the authorized, issued, subscribed and paid up share capital of the Transferor Company as on March 31, 2019 is as under:

SHARE CAPITAL	AMOUNT IN RS.
Authorised Capital	
10,00,00,000 equity shares of Re. 1 each	10,00,00,000
Total	10,00,00,000
Issued, Subscribed and Paid-up Capital	
7,21,66,399 equity shares of Re. 1 each	7,21,66,399
Total	7,21,66,399

The shares of the Transferor Company are listed on BSE Limited and National Stock Exchange of India Limited.

2.2. TRANSFEREE COMPANY

2.2.1. The authorized, issue, subscribed and fully paid-up share capital of the Transferee Company upon incorporation is expected to be as under:

SHARE CAPITAL	AMOUNT IN RS.
---------------	---------------

Authorized share capital	
30,00,00,000 equity shares of Re. 1 each	30,00,00,000
Total	30,00,00,000
Issued, subscribed and paid-up capital	
10,00,000 equity shares of Re. 1 each	10,00,000
Total	10,00,000

The entire share capital of the Transferee Company is held by the Transferor Company along with its nominees. The issued, subscribed and paid-up capital of the Transferee Company may be separately increased, in order to comply with any requirements under the SEBI (Credit Rating Agency) (Amendment) Regulations, 2018.

PART B

TRANSFER OF THE RATINGS BUSINESS UNDERTAKING OF THE TRANSFEROR COMPANY TO THE TRANSFEE COMPANY BY WAY OF SLUMP SALE ON A GOING CONCERN BASIS

1. TRANSFER AND VESTING OF THE RATINGS BUSINESS UNDERTAKING

- 1.1. With effect from the Appointed Date of the Scheme, the Ratings business undertaking, as defined in Clause 1.12 shall stand transferred to and vested into the Transferee Company, which shall be deemed to have acquired the Ratings business undertaking from the Transferor Company, as a going concern on a ‘Slump Sale’ basis, without any further deed or act, together with all its assets, properties, liabilities, rights, benefits and interests therein, subject to existing charges if any, thereon.

2. TRANSFER OF ASSETS

- 2.1. Upon the Scheme becoming effective and with effect from the Appointed Date, all Assets relating to the Ratings business undertaking, as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, shall stand transferred to and vested in the Transferee Company and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this Clause 2.1 shall be deemed to have occurred by manual delivery or

endorsement and delivery, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.

- 2.2. Upon the Scheme becoming effective and with effect from the Appointed Date, all movable Assets of the Transferor Company relating to the Ratings business undertaking, other than those specified in Clause 2.1 above, including cash and cash equivalents, 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 shall without any requirement of a further act, instrument or deed become the property of the Transferee Company.
- 2.3. Upon the Scheme becoming effective and with effect from the Appointed Date, in relation to Assets, if any, belonging to the Ratings business undertaking, which require separate documents for vesting in the Transferee Company, or which the Transferor Company and/ or the Transferee Company otherwise desire to be vested separately, the Transferor Company and the Transferee Company will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.
- 2.4. It is hereby clarified that, unless expressly provided for herein, 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 in relation to the concerned Assets, in order to give effect to the provisions of this Clause 2.
- 2.5. It is hereby clarified that if any Asset (including but not limited to any estate, rights, title, interest in or authorities relating to such Assets) in relation to the Ratings business undertaking which the Transferor Company owns, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such Asset in trust for the benefit of the Transferee Company.

3. TRANSFER OF LIABILITIES

- 3.1. Upon the Scheme becoming effective and with effect from the Appointed Date, all Liabilities shall stand transferred, or be deemed to have been transferred to the Transferee Company so as to become from the Appointed Date, the Liabilities of the Transferee Company and the Transferee Company undertakes to meet, discharge and satisfy the same.

- 3.2. It is hereby clarified that, unless expressly provided for herein, 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 any Liability has arisen in order to give effect to the provisions of this Clause 3.
- 3.3. The vesting of the Ratings business undertaking as aforesaid, shall be free from any lien, encumbrance, security, charge, hypothecation, interest, claim, pledge or mortgage.
- 3.4. The provisions of this Clause 3 shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/ or superseded by the foregoing provisions. For avoidance of doubt the provisions of this Clause 3 shall not be construed as limiting the operation of **Part C** of the Scheme.

4. CONTRACTS, DEEDS ETC.

- 4.1. On the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments (including all leases, licenses and other assurances in favour of the Transferor Company or powers or authorities granted by or to it) of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, all in relation to or in connection with the Ratings business undertaking and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect in favour of, by, for or against 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 or obligor thereto or thereunder.
- 4.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Ratings business undertaking of the Transferor Company in the Transferee Company occurs by virtue of the order of the NCLT approving this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required, under any law or otherwise, take such actions or enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with,

or in favour of, any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in furtherance to this Scheme coming into effect. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances required for the purposes referred to above.

- 4.3. For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, certificates, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company in relation to the Ratings business undertaking shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company. Transferee Company shall obtain relevant approvals from the concerned Governmental Authority, as may be necessary in this behalf.
- 4.4. After this Scheme becomes effective, Transferee Company shall, in its own right, be entitled to realise all monies, perform obligations and complete and enforce all pending contracts and transactions in respect of the Ratings business undertaking.
- 4.5. Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Ratings business undertaking which the Transferor Company owns or to which Transferor Company is a party, cannot be transferred to the Transferee Company for any reason whatsoever, Transferor Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Transferee Company, in so far as it is permissible so to do, till such time as the transfer is effected.
- 4.6. As the scheme has been prepared considering SEBI's requirements, the Transferor Company may enter into suitable arrangements with the Transferee Company such that the Transferor Company, directly or indirectly, provides such continued support and assistance to the Transferee Company (other than with respect to the core business activities pertaining to the Ratings business undertaking), as may be requested by the Transferee Company, to efficiently engage in and carry out the business of Ratings business undertaking.

4.7. Accordingly, as the scheme has been prepared considering SEBI's requirements, the Transferee Company shall, without the requirement of obtaining any further consent from its customers, present and future, subject to compliance with SEBI norms, be entitled to share the required information and data, with necessary persons, including the Transferor Company, consultants, advisors and experts and all contracts in this regard be deemed to have been amended.

5. EMPLOYEES

5.1. All employees of the Transferor Company engaged in or in relation to the Ratings business undertaking who are in employment on the date immediately preceding the Effective Date, shall, on and from the Effective Date, become employees of the Transferee Company, without any break or interruption in their service and on the basis of continuity of service without any further act, instrument or deed. Further, the terms and conditions of their employment including ESOP granted by the Transferor Company to such employees with the Transferee Company shall be no less favourable than those on which they are engaged in the Transferor Company.

5.2. Transferee Company agrees that the services of all the employees of the Ratings business undertaking prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which such employees may be eligible and accordingly, the period of service of such employees shall be reckoned therefore from the date of their respective appointment in the Transferor Company.

5.3. The contributions, and all accretions thereto, in the Government provident fund account gratuity fund and other benefit funds if any, of which the such employees are members or beneficiaries till the Effective Date, shall, with the approval of the concerned authorities be transferred (in such proportion as is referable to the employees of the Ratings business undertaking being transferred to the Transferee Company) to the relevant funds of the Transferee Company for the benefit of the employees of the Ratings business undertaking on terms no less favourable. In the event that the Transferee Company has its own funds in respect of any of the funds referred to above, such investments shall, subject to the necessary approvals and permissions, be transferred to the relevant funds. In the event that the Transferee Company does not have its own fund in respect of any of the aforesaid matters, the Transferee Company may, subject to necessary approvals and permissions and recoveries, continue to contribute in respect of the employees engaged in the Ratings business undertaking to the existing funds, until such time that the

Transferee Company creates its own fund, at which time the investments and contributions pertaining to the employees of the Ratings business undertaking shall be transferred to the funds created by the Transferee Company. In case, necessary approvals are not received and there is delay, all such amounts shall continue to be administered by the Transferor Company in trust for the Transferee Company from the Effective Date till the date of actual transfer and, on receiving the approvals all the accumulated amounts till such date, shall be transferred to the respective funds of the Transferee Company *suo moto*.

- 5.4. Any disciplinary action or termination process initiated by the Transferor Company against any employee of the Ratings business undertaking shall have full force, effect and continuity as if it was initiated by the Transferee Company instead of the Transferor Company.
- 5.5. The Board of Directors of the Transferor Company and the Transferee Company may consider and approve policies for inter-company transfers within the Companies of employees in the respective companies on such terms and conditions considered fit and appropriate subject to applicable laws.

6. **LEGAL PROCEEDINGS**

- 6.1. On and from the Appointed Date, all suits, claims, actions, show cause, inspections, regulatory and legal proceedings instituted and/or arising and/or pending by or against the Transferor Company in relation to the Ratings business undertaking shall be continued and/or enforced until the Effective Date and on and from the Effective Date, shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or had arisen and/or were pending by or against the Transferee Company.
- 6.2. On and from the Appointed Date, if any proceedings are taken by or against the Transferor Company in relation to the Ratings business undertaking, the Transferor Company shall till the Effective Date continue and/or defend the same at the cost of the Transferee Company, and the Transferee Company shall reimburse and indemnify the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.
- 6.3. The Transferee Company undertakes to have all legal or other proceedings initiated

by or against the Transferor Company referred to in Clause 6.1 above transferred to its name on and after the Effective Date, to have the same continued, prosecuted and enforced by or against the Transferee Company as the case may be, to the exclusion of the Transferor Company.

- 6.4. Notwithstanding the above, in case the proceedings referred to in Clause 6.1 above cannot be transferred for any reason, or the transfer takes time, till such transfer the Transferor Company shall defend the same in accordance with the advice of the Transferee Company and at the cost of the Transferee Company, and the Transferee Company shall reimburse, indemnify and hold harmless the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.
- 6.5. Any difference or difficulty as to whether any specific legal or other proceedings relates to the Ratings business undertaking, shall be mutually decided between the Board of Directors of the Transferor Company and the Transferee Company and such mutual decision shall be conclusive and binding on the Companies.

7. TAXES

- 7.1. All taxes (including income-tax, sales tax, excise duty, customs duty, service tax, Goods and Services tax, etc.) paid or payable by the Transferor Company in respect of the operations and / or the profits of the Ratings business undertaking up to the Appointed Date, shall be on account of the Transferor Company and insofar as it relates to the tax payment (including without limitation income tax, sales tax, excise duty, custom duty, service tax, Goods and Services Tax etc.), whether by way of deduction at source or otherwise howsoever by the Transferor Company in respect of the profits or activities or operations of its business relating to the Ratings business undertaking after the start of business on the Appointed Date, the same shall be deemed to be the corresponding item paid or payable by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 7.2. On the Scheme becoming effective, the Transferor Company and the Transferee Company may revise their respective returns pertaining to income tax, service tax, sales tax, Goods and Services Tax and other tax returns, and claim refunds and/or credits, including credits for tax deducted at source, as applicable pursuant to the provisions of this Scheme.

7.3. The Transferor Company may be entitled to various incentive schemes and pursuant to the Scheme, it is declared that the benefits under all such schemes and policies pertaining to the Ratings business undertaking shall stand transferred to and vested in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever including benefits under the income tax, excise, sales tax, service tax, goods and services tax, exemptions, concessions, remissions, subsidies and other incentives in relation to the Ratings business undertaking, to the extent statutorily available, shall be claimed by the Transferee Company.

8. **CONDUCT OF BUSINESS**

8.1. With effect from the Appointed Date and till the Effective Date, the Transferor Company shall:

- (a) Carry on and shall be deemed to have carried on all its business and operations relating to the Ratings business undertaking as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Ratings business undertaking on account of, and for the benefit of, and in trust for, the Transferee Company.
- (b) All the profits or incomes accruing or arising and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) in relation to the Ratings business undertaking shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or as the case may be, expenditure or losses (including taxes) of the Ratings business undertaking.
- (c) Any of the rights, powers, authorities and privileges attached or related or pertaining exercised by or available in relation to the Ratings business undertaking shall be deemed to have been exercised for and on behalf of and as an agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, relating or pertaining to the Ratings business undertaking that have been undertaken or discharged shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for the Transferee Company.

9. **SAVING OF CONCLUDED TRANSACTIONS**

9.1. Subject to the terms of this Scheme, the transfer and vesting of the Ratings

business undertaking under this Scheme shall not affect any transactions or proceedings already concluded 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 in relation to the Ratings business undertaking as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

10. CONSIDERATION

- 10.1. Since the transfer of Ratings business undertaking from the Transferor Company to the Transferee Company is a transfer from holding company to its wholly owned subsidiary, consideration for such transfer shall be a lump sum consideration equal to the difference between the book value of assets and book value of liabilities (i.e. “Net Asset Value”) of Ratings business undertaking as on the Appointed Date. As on December 31, 2018, Net Asset Value of Ratings business undertaking is INR 22,43,00,000 (INR Twenty Two crores and Forty Three Lacs only).
- 10.2. Such consideration shall be paid by the Transferee Company through normal banking channels within 45 days from the Effective Date.
- 10.3. After 45 days from the Effective Date, till such time the Transferee Company discharges its obligation to pay the consideration, such amount shall remain as business consideration payable to the Transferor Company in the books of the Transferee Company. The Transferee Company shall pay interest on the outstanding balance of such amount of business consideration payable at the rate and terms and conditions determined from time to time by the Board of Directors of the Companies.

11. RESIDUAL UNDERTAKING OF THE TRANSFEROR COMPANY

- 11.1. The Remaining Undertaking of the Transferor Company including all the properties and assets, investments (including investments in subsidiaries), debts, liabilities and obligations of the Transferor Company, which do not form part of the Ratings business undertaking shall continue to belong to and remain vested in the Transferor Company and the Transferee Company shall have no right, claim or obligation in relation to the Residual Undertaking.

11.2. All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Residual Undertaking shall be continued and enforced by or against the Transferor Company. The Transferee Company shall in no event be responsible or liable in relation to any such legal or other proceeding against the Transferor Company.

11.3. With effect from and beyond the Appointed Date, the Transferor Company:

- i. shall continue to carry all the business and activities relating to the Residual Undertaking for and on its own behalf; and
- ii. all profits accruing to the Transferor Company thereon or losses arising or incurred by it relating to the Residual Undertaking shall for all purposes be treated as the profits or losses, as the case may be, of the Transferor Company.

12. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY

12.1. On the Scheme becoming effective, with effect from the Appointed Date, the Transferor Company shall account for the transfer of the Ratings business undertaking to the Transferee Company in its books as given below:

The Assets and Liabilities of the Transferor Company relating to the Ratings business undertaking transferred to the Transferee Company shall be derecognized at their carrying amount from the Appointed Date and no gain or loss will be recognized in the 'Statement of Profit and Loss' since the value of consideration shall be equal to the carrying value of net assets transferred.

13. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEEE COMPANY

13.1. On the Scheme becoming effective, with effect from the Appointed Date, the Transferee Company shall account for the transfer of the Ratings business undertaking of the Transferor Company in its books in accordance with the 'Pooling

of Interest Method' laid down by Appendix C 'Business combinations of entities under common control' of Ind AS - 103 'Business Combinations' notified under the provisions of the Act, as under;

- i. The Transferee Company shall, record all Assets and Liabilities of the Ratings business undertaking of the Transferor Company vested in it pursuant to the Scheme, at the respective carrying values thereof and in the same form as appearing in the books of the Transferor Company;
- ii. The Transferee Company shall credit the difference between the carrying amount of Assets and Liabilities to business consideration payable account; and
- iii. There shall not be any difference between the carrying value of net assets acquired and consideration pursuant to the Scheme since consideration shall be equal to the carrying value of net assets acquired.

PART C

GENERAL TERMS AND CONDITIONS

14. APPLICATION TO THE NCLT

14.1. Each of the Companies shall severally or jointly make the requisite company applications/ petitions under Sections 230 to 232 of the Act and other applicable provisions of the Act to the NCLT for seeking sanction to the Scheme.

15. APPROVALS

15.1. The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority including Securities and Exchange Control Board of India, Reserve Bank of India and all regulators, agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to own and operate the Ratings business to be transferred to them under this Scheme.

16. ADMINISTRATIVE CONVENIENCE

16.1. Notwithstanding anything contained in other clauses of this Scheme, the Transferor

Company and the Transferee Company, shall enter into such documents, agreements, make applications to various authorities, regulatory bodies to facilitate the uninterrupted transition of the business from the Transferor Company to the Transferee Company.

- 16.2. Notwithstanding anything contained in other clauses of this Scheme but in accordance with the Act and other applicable laws, the Transferor Company and the Transferee Company shall enter into such documents, agreements, arrangements and make applications to various authorities, regulatory bodies to facilitate the sharing of, inter alia any common services, employees, intellectual properties and other assets (whether moveable or immovable).

17. MODIFICATION OR AMENDMENT TO THE SCHEME

- 17.1. Each of the Companies (acting through their respective Board) may, in their full and absolute discretion, assent to any amendments, alterations or modifications to the Scheme (including Clause 10 relating to the Consideration), in part or in whole, which the NCLT and/ or any other authorities may deem fit to direct, approve 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, including any individual part thereof, or if the Board are of the view that the coming into effect of the Scheme, in part or in whole, in terms of the provisions of the Scheme, could have an adverse implication on all or any of the Companies. Each of the Companies (acting through their respective Board) 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 the Scheme, in part or in whole and to resolve any doubts, difficulties or questions whether by reason of the order of the NCLT or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of the Scheme and/ or any matters concerning or connected therewith and may also in their full and absolute discretion, withdraw or abandon the Scheme, or any individual part thereof, at any stage prior to the Effective Date.

18. CONDITIONALITY OF THE SCHEME

- 18.1. The coming into effect of this Scheme is conditional upon and subject to;
- i. Obtaining observation letter or no-objection letter from the Stock Exchanges by

the Transferor Company in respect to the scheme, pursuant to Regulation 37 of the SEBI (LODR) read with SEBI Circular and Regulations 11 and 94 of SEBI(LODR);

- ii. This scheme being approved by the respective requisite majorities of the classes of members and creditors (where applicable) of the Companies as required under the Act;
- iii. The certified copies of the order of the NCLT approving the Scheme being filed with the jurisdictional Registrar of Companies;
- iv. Such approval and sanctions of any Governmental Authority including Stock Exchanges and Securities and Exchange Board of India as may be required under the Act and as may be directed by NCLT in respect of the scheme being obtained;
- v. SEBI for granting registration to the Transferee Company to act as a Credit Rating Agency; and
- vi. Reserve Bank of India for granting accreditation to the Transferee Company to act as an External Credit Assessment Institution.

19. REVOCATION, WITHDRAWAL OF THE SCHEME

19.1. The Transferor Company and/ or the Transferee Company acting through their respective Board shall each be at liberty to withdraw the Scheme.

19.2. In the event of revocation under Clause 19.1 above, no rights and liabilities whatsoever shall accrue to or be incurred inter se to the Companies or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with Applicable Law.

19.3. In the event of revocation under Clause 19.1 above, the Companies shall take all necessary steps to withdraw the Scheme from the NCLT and any other authority and to make all necessary filings/ application as may be required to withdraw the Scheme.

20. EFFECT OF NON-RECEIPT OF APPROVALS

20.1. In case the Scheme is not sanctioned by the NCLT or is not approved by SEBI or the Stock Exchanges, or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in the Scheme not being obtained or complied or for any other reason, if the Scheme cannot be implemented before June 30, 2021, then, the Scheme shall become null and void, and the Transferor Company shall bear the entire cost, charges and expenses in connection with the Scheme unless otherwise mutually agreed.

21. COSTS, CHARGES, EXPENSES

21.1. All costs, charges, and all expenses of the Transferor Company and the Transferee Company arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne and paid by the Transferor Company.
