



DEWAN HOUSING FINANCE CORPORATION LIMITED

(Registered office: Warden House, 2nd Floor, Sir P. M. Road, Fort, Mumbai - 400 001.)

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 174 OF 2012**

In the matter of Sections 391 to 394 of the Companies Act, 1956;
AND
In the matter of Scheme of Amalgamation of First Blue Home
Finance Limited
AND
DHFL Holdings Private Limited
WITH
Dewan Housing Finance Corporation Limited
AND
their Respective Shareholders and Creditors

Dewan Housing Finance Corporation Limited, a company }
registered under the Companies Act, 1956, and having }
its registered office at Warden House, Second Floor, Sir }
P. M. Road, Fort, Mumbai - 400 001 }Applicant Company

**NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF
DEWAN HOUSING FINANCE CORPORATION LIMITED**

To,

The EQUITY SHAREHOLDERS of Dewan Housing Finance Corporation Limited (the "Applicant Company").

TAKE NOTICE that by an Order made on the 16th March, 2012, in the above Company Summons for Direction, the Hon'ble High Court of Judicature of Bombay has directed that a meeting of the Equity Shareholders of the Applicant Company, be convened and held at Exchange Plaza, National Stock Exchange Auditorium, NSE Building, Ground Floor, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 on **Tuesday, 17th April, 2012 at 10.30 a. m (10.30 Hrs)**, for the purpose of considering and, if thought fit, to approve, with or without modification(s), the arrangement embodied in the Scheme of Amalgamation of First Blue Home Finance Limited and DHFL Holdings Private Limited with Dewan Housing Finance Corporation Limited with their Respective Shareholders and Creditors.

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of the Applicant Company will be convened and held on **Tuesday, the 17th day of April, 2012 at 10.30 a.m. (10.30 Hours)** at Exchange Plaza, National Stock Exchange Auditorium, NSE Building, Ground Floor, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, at which time and place you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you, or your authorised representative, is deposited at the registered office of the Applicant Company at Warden House, Second Floor, Sir P. M. Road, Fort, Mumbai - 400 001, not later than 48 hours before commencement of the said meeting.

The Hon'ble High Court of Judicature of Bombay has appointed Shri Kapil Wadhawan – Chairman & Managing Director of the Applicant Company, failing which Shri G. P. Kohli – Director of the Applicant Company, failing which Shri V.K. Chopra – Director of the Applicant Company to be the Chairman of the said meeting.

A copy of the Scheme of Amalgamation, the Statement under Section 393 of the Companies Act, 1956, Attendance Slip and Form of Proxy are enclosed.

Sd/-
Kapil Wadhawan
Chairman appointed for the meeting

Dated this 21st day of March, 2012

Registered Office:

Warden House, Second Floor,
Sir, P. M. Road, Fort,
Mumbai - 400 001

Notes:

1. All alterations made in the Form of Proxy should be initialed.
2. Only registered equity shareholders of the Applicant Company may attend and vote (either in person or by proxy) at the meeting. The representative of a body corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders' meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting authorising such representative to attend and vote at the Equity Shareholders' meeting.

Enclosure as above

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
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AND
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Dewan Housing Finance Corporation Limited, a company }
registered under the Companies Act, 1956, and having }
its registered office at Warden House, Second Floor, Sir }Applicant Company
P. M. Road, Fort, Mumbai - 400 001 }

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated 16th day of March 2012 passed by the Hon'ble High Court of Judicature of Bombay in the Company Summons for Direction referred to hereinabove, a meeting of the Equity Shareholders of the Applicant Company, is being convened at Exchange Plaza, National Stock Exchange Auditorium, NSE Building, Ground Floor, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 on **Tuesday, the 17th day of April, 2012 at 10.30 a.m. (10.30 Hours)** for the purpose of considering and if thought fit, approving, with or without modification, the arrangement embodied in the Scheme of Amalgamation of First Blue Home Finance Limited and DHFL Holdings Private Limited with Dewan Housing Finance Corporation Limited with their Respective Shareholders and Creditors under Section 391-394 of the Companies Act, 1956 (the '**Scheme**').
2. In this Statement, First Blue Home Finance Limited is hereinafter referred to as the '**Transferor Company I**', DHFL Holdings Private Limited is referred to as the "**Transferor Company II**" and Dewan Housing Finance Corporation Limited is hereinafter referred to as '**Transferee Company**' or '**Applicant Company**'. Transferor Company I and Transferor Company II are hereinafter collectively referred to as the "**Transferor Companies**".
3. The Scheme of Amalgamation setting out in detail the terms and conditions for the transfer and vesting of the entire undertaking of the Transferor Companies into the Applicant Company and related matters has been approved by the Board of Directors of the Transferor Companies and the Applicant Company at their respective Board Meetings held on September 28, 2011. A copy of the Scheme is enclosed and forms part of this Notice.
4. The Applicant Company was incorporated on April 11, 1984 under the name of Dewan Housing Finance & Leasing Company Limited. In consequence thereof Certificate of Incorporation was issued by the Registrar of Companies, Mumbai. Later, the name of Applicant Company was changed to Dewan Housing Development Finance Company Limited on September 26, 1984. Finally, the name of the Applicant Company was changed to its present name and fresh certificate of incorporation consequent on change of name was issued by the Registrar of Companies on August 25, 1992.
5. The objects for which the Applicant Company has been established are set out in its Memorandum of Association. Some of the main objects of the Applicant Company as are set out in its Memorandum of Association are as follows:
"To advance money to any person or persons or co-operative society or A.O.P Company or Corporation, jointly or individually, for long term, either at interest or without and/or with or without any security for the purpose of enabling the person borrowing the same to erect or purchase, any house or building or any part or portion thereof for residential purposes in India upon such terms and conditions as the Company may think fit".
"To solicit and procure Insurance business as Corporate Agent in respect of all classes of insurance and to undertake such other activities as are incidental or ancillary thereto"
6. The capital structure of the Applicant Company as on September 30, 2011 was as under:

Particulars	(Amount in ₹)
Authorised Capital	
175,000,000 Equity Shares of ₹ 10/- each	1,750,000,000
75,000,000 Preference Shares of ₹ 10/- each	750,000,000
	2,500,000,000
Issued, Subscribed and Paid-up Capital	
104,745,826 Equity Shares of ₹ 10/- each	1,047,458,260

The Applicant Company has 2 (Two) Employee Stock Option Schemes subject to the terms of which the eligible employees of the Applicant Company are entitled to a certain number of equity shares. Pursuant to the ESOS 2008, a total of 7,26,052 (Seven Lakh Twenty Six Thousand and Fifty Two) stock options have been exercised and a total of 6,96,538 (Six Lakh Ninety Six Thousand Five Hundred and Thirty Eight) stock options are yet to be exercised. Pursuant to ESOS 2009, a total of 4,02,926 (Four Lakhs Two Thousand Nine Hundred and Twenty Six) stock options have been exercised and a total of 2,106,744 (Twenty One Lakh Six Thousand Seven Hundred and Forty Four) stock options are yet to be exercised. Each stock option entitles the eligible employee of one (1) equity shares of the Applicant Company. Pursuant to the above, the issued, subscribed and paid up capital of the Transferee Company as on December 31, 2011 was ₹ 1,04,88,32,790 comprising of 10,48,83,279 Equity Shares of ₹ 10/- each. The Applicant Company proposes to issue securities of up to INR 10,000,000,000 by way of a preferential allotment, a private placement, rights issue or otherwise.

7. The equity shares of Applicant Company are, at present, listed on the Bombay Stock Exchange Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”).
8. The Transferor Company I was incorporated on March 2, 1995 with the name “ITC Classic Home Finance Private Limited”. In May 1999, it was acquired by Chambal Fertilizers and Chemicals Limited (CFCL), part of the K.K. Birla Group and consequently the name of the Company was changed to “Birla Home Finance Limited”. In September 2000, the company was converted into a joint venture between CFCL and BHW Holding AG (Germany) and as a result in June 2004, the name of the company was changed to “BHW Birla Home Finance Limited”. Later on, the Indian promoter CFCL divested its entire holding in favour of BHW Holding AG thereby making the company a 100% subsidiary of BHW Holding AG. Subsequently, in July 2006, the name of the company was changed to “BHW Home Finance Limited”. On September 26, 2008 the name of the Company was changed from BHW Home Finance Limited to “Deutsche Postbank Home Finance Limited” since BHW Holding AG was acquired by Deutsche Postbank AG in Germany. Further, BHW Holding AG, Germany sold/transferred its entire equity stake held in the company alongwith the management control to a consortium of investors led by Dewan Housing Finance Corporation Limited (DHFL) on March 25, 2011. DHFL acquired 67.56% equity stake in the company (through its 100% subsidiary DHFL Holdings Private Limited) and balance 32.44% acquired by others investors - Wadhawan Housing Private Limited, Caledonia Investments Plc, U.K and Amber 2010 Limited. Consequently, the name of the Company was changed from Deutsche Postbank Home Finance Limited to “First Blue Home Finance Limited” with effect from May 31, 2011.
9. The Registered Office of the Transferor Company I is situated at 12C – 12D, 2nd Floor, Vasant Square Mall, Plot – A, Sector – B, Pocket – V, Vasant Kunj, New Delhi – 110070.
10. The objects for which the Transferor Company I has been established are set out in its Memorandum of Association. Some of the main objects of the Transferor Company I as are set out in its Memorandum of Association are as follows:
 - (1) *“To carry on the business of providing long term finance for construction or purchase of houses in India for residential purposes to any person, Company or Corporation or Society or Association and to advance money to any person or persons, company or corporation, society or association either at interest or without, and/or with or without any security and in particular to advance money to shareholders of the Company, or to other persons upon the security of or for the purpose of enabling the person borrowing the same to erect, or purchase, or enlarge or repair any house or building or any part or portion thereof in India upon such terms and conditions as the company may think fit.*
 - (2) *To carry on the activities of solicitation and/or procurement of insurance business as a corporate agent in respect of all classes of insurance.*
 - (3) *To advice/ provide Consultancy services and/or to carry on the activities of and /or procure business relating to Marketing, Advertising, Research & Development, Market Research and fee based intermediation activities.”*
11. The authorised, subscribed and paid-up share capital of the Transferor Company I as on September 30, 2011 was as under:

Particulars	(Amount in ₹)
Authorised Share Capital:	
33,30,00,000 Equity Shares of ₹ 10/- each	333,00,00,000
50,00,00 Redeemable Preference Shares of ₹ 100/- each	5,00,00,000
Subscribed and Paid up Share Capital:	
32,55,43,040 equity shares of ₹ 10/- each	325,54,30,400

The Transferor Company I, has as on September 30, 2011 issued secured non-convertible debentures amounting to a total of ₹ 6,550,000,000 (Rupees Six Billion Five Hundred and Fifty Million) which are listed on the BSE. There has been no change in the capital structure of the Transferor Company I since September 30, 2011.

12. The Transferor Company I is registered as a housing finance company under the National Housing Bank Act, 1987.
13. The Transferor Company II was incorporated on January 3, 2011 and in consequence thereof certificate of incorporation was issued by the Registrar of Companies. The Transferor Company II is a wholly owned subsidiary of the Applicant Company.

14. The Registered Office of the Transferor Company II is situated at 6th Floor, HDIL Towers, Anant Kanekar Marg, Station Road, Bandra (East) Mumbai - 400 051.
15. The authorised, subscribed and paid-up share capital of the Transferor Company II as on September 30, 2011 was as under:

Particulars	(Amount in ₹)
Authorised Share Capital:	
24,00,00,000 equity shares of ₹ 10/- each	240,00,00,000
Subscribed and Paid up Share Capital:	
22,90,10,000 equity shares of ₹ 10/- each	229,01,00,000

The equity shares of Transferor Company II are, at present, not listed on any stock exchange. There has been no change in the capital structure of the Transferor Company II since September 30, 2011.

16. The objects for which the Transferor Company II has been established are set out in its Memorandum of Association. Some of the main objects of the Transferor Company II as are set out in its Memorandum of Association are as follows:

"To carry on the business or businesses of a holding and investment company, to buy, underwrite, invest in and acquire and hold shares, debentures, debenture stock, bonds, obligation or any type of securities of companies or partnership firms or body corporate of any of the Promoter entities or companies promoted by promoter groups."

17. The respective Board of Directors felt that the Scheme is beneficial to the respective shareholders, creditors, employees and all stakeholders of the Applicant Company and the Transferor Companies. The proposed Scheme is aimed at achieving the following business and commercial objectives:

- Greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value, and will improve the competitive position of the combined entity.*
- Greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value.*
- Improved organizational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.*
- Greater access by the amalgamated company to different market segments in the conduct of its business.*
- Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses*
- Achieving economies of scale.*

18. **Resolution for Approval**

The Resolution to be submitted for approval of the Equity Shareholders of the Applicant Company, will read as follows:

"RESOLVED THAT the Scheme of Amalgamation of First Blue Home Finance Limited and DHFL Holdings Private Limited with Dewan Housing Finance Corporation Limited with their respective shareholders and creditors, as applicable, pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956, and provisions of other applicable law, if any, and subject to the approval of the Hon'ble High Court of Judicature of Bombay and High Court of Judicature of Delhi or any other appropriate authorities, as placed before the meeting and initialed by the Chairman for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT Shri Kapil Wadhawan - Chairman & Managing Director or Shri Dheeraj Wadhawan Director or Shri Prashant Chaturvedi – G. M – Finance & Resources or Shri S. Y. Sankhe - Company Secretary or Shri P. K. Kumar – Sr. Manager – Secretarial or Shri Ashok Kumar Sahu – Chief Manager Legal or Shri Koustub Shaha – Assistant General Manager (Finance) of the Applicant Company, be and are hereby severally authorized to make such alterations, modifications or amendments to the Scheme as may be expedient or necessary for complying with the requirements or conditions imposed by the Hon'ble High Court of Judicature of Bombay and High Court of Judicature of Delhi and / or by any other appropriate / concerned authorities.

RESOLVED FURTHER THAT Shri Kapil Wadhawan - Chairman & Managing Director or Shri Dheeraj Wadhawan Director or Shri Prashant Chaturvedi – G. M – Finance & Resources or Shri S. Y. Sankhe - Company Secretary or Shri P. K. Kumar – Sr. Manager – Secretarial or Shri Ashok Kumar Sahu – Chief Manager Legal or Shri Koustub Shaha – Assistant General Manager (Finance) of the Applicant Company, be and are hereby severally authorized to do all such acts, matters, deeds and things as may be necessary or desirable for the purpose of giving effect to the Scheme."

19. The salient features of the Scheme are as follows: The Scheme *inter alia* provides for (i) the transfer and vesting of the entire Undertaking (as defined in the Scheme) of the Transferor Companies into the Transferee Company, (ii) the issue of new equity shares by the Transferee Company to the eligible shareholders of the Transferor Companies, (iii) dissolution of the Transferor Companies and the general terms and conditions applicable to the Scheme and other matters consequentially and integrally connected thereto; and (iv) accounting treatment for the amalgamation in the books of the Transferee Company

I. The Appointed Date for the Scheme is April 1, 2011;

II. 'Effective Date' means the last of the dates on which the certified or authenticated copy of the orders of the High Courts

sanctioning the Scheme are filed with the respective Registrar of Companies by the Transferor Companies and by the Transferee Company. 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;

- III. Upon the coming into effect of the Scheme and with effect from the Appointed Date, the Undertaking, pursuant to the sanction of the Scheme by the High Courts under and in accordance with the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, shall stand transferred to and be vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing to be made, done or executed so as to become, as and from the Appointed Date, the Undertaking of the Transferee Company by virtue of and in the manner provided in the Scheme;
- IV. Upon the coming into effect of the Scheme All the assets and properties comprised in the Undertaking of whatsoever nature and wheresoever situated, shall, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the assets and properties of the Transferee Company;
- V. Upon the coming into effect of the Scheme and with effect from the Appointed Date all liabilities relating to and comprised in the Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Companies of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations (herein referred to as the "**Liabilities**"), shall, pursuant to the sanction of this Scheme by the High Courts under and in accordance with the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Companies, and the Transferee Company shall meet, discharge and satisfy the same and further 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 Liabilities have arisen;
- VI. Upon the coming into effect of this Scheme and subject to the provisions of the Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, assurances and other instruments of whatsoever nature to which the Transferor Companies are a party or to the benefit of which the Transferor Companies may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect by, for or against or in favour of, as the case may be, the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee or obligor thereto or thereunder;
- VII. During the period between the Appointed Date and up to and including the Effective Date, the Transferor Company shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking on account of, and for the benefit of and in trust for, the Transferee Company;
- VIII. Upon the coming into effect of the Scheme and in consideration of the transfer and vesting of the Undertaking to the Transferee Company in terms thereof, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to all the equity shareholders of the Transferor Company I (other than the Specified Shareholders as defined under Clause 1.11 of the Scheme) whose names are registered in the Register of Members of the Transferor Company I on the Record Date or his/her/its legal heirs, executors or administrators or, as the case may be, successors, a total of 10,886,375 (Ten Million Eighty Hundred and Eighty Six Thousand Three Hundred and Seventy Five) equity shares of ₹ 10 (Rupees Ten only) each, credited as fully paid up of the Transferee Company in the ratio of 10 (Ten) equity shares of the face value of ₹ 10 (Rupees Ten only) each of the Transferee Company for every 97 (Ninety Seven) equity shares of the face value of ₹ 10 (Rupees Ten only) each credited as fully paid-up held on the Record Date by such equity shareholders or their respective legal heirs, executors or administrators or, as the case may be, successors in the Transferor Company I with rights attached thereto as mentioned in the Scheme. For the purposes of the allotment referred under the Scheme, fractional entitlements shall be rounded-off to the next higher whole number;
- IX. The new equity shares of the Transferee Company, issued pursuant to this Scheme shall be listed and/or admitted to trading on all the stock exchanges on which the shares of the Transferee Company are listed and shall rank paripassu with the existing equity shares of the Transferee Company;
- X. On the Scheme becoming effective, the Transferee Company shall account for the amalgamation in its books as set out in Clauses 11 and 12 of the Scheme;
- XI. The Scheme is conditional upon and subject to the approvals and/or sanctions detailed in Clause 18 of the Scheme.

N.B. - The members are requested to read the entire text of the Scheme attached herewith to get fully acquainted with the provisions thereof. What is stated hereinabove, are brief salient features of the said Scheme.

20. The Scheme would not be prejudicial to the interests of the creditors (secured and unsecured) of either of the companies. There is no likelihood that any secured or unsecured creditor of either of the companies would be prejudiced as a result of the Scheme being passed, since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner. Further the assets of the Applicant Company will be far in excess of the liabilities and sufficient to discharge the liabilities of the Transferor Companies. Further, the Scheme will not cast any additional burden on the creditors of the Applicant Company and will not adversely affect their interest.

21. The fair share issue ratio for the issue of equity shares of the Transferee Company to the eligible shareholders of the Transferor Companies in consideration of the amalgamation of the Undertaking of the Transferor Companies into the Applicant Company was computed and recommended by Ernst & Young Limited, Mumbai who have submitted the Report dated September 28, 2011 containing their recommendations.
22. The Board of Directors of the Applicant Company and the Transferor Companies have, based on and relying upon the aforesaid expert advice come to the conclusion that the proposed share issue ratio is fair and reasonable to the shareholders of the Applicant Company and the Transferor Companies and have consequently accepted the said suggested share issue ratio. Accordingly, the Board of Directors of the Applicant Company and the Transferor Companies has at their meetings held on September 28, 2011 respectively passed resolutions approving the share issue ratio under the Scheme.
23. The Directors of the Applicant Company and/ or the Transferor Companies may be deemed to be concerned and/or interested in the Scheme to the extent of their shareholding in the companies, or to the extent the said Directors are common Directors in the companies, or to the extent the said Directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust, that hold shares in any of the companies.
24. The extent of the shareholding of the Directors of the Applicant Company in the Applicant Company and the Transferor Companies, either singly or jointly, as on February 29, 2012, is as under:

Name of the Directors	No. of Equity Shares of ₹ 10/- each in the Applicant	No. of Equity Shares ₹ 10/- each in the Transferor Company I	No. of Equity Shares ₹ 10/- each in the Transferor Company II
Shri Kapil Wadhawan	99,78,472	Nil	100*
Shri Dheeraj Wadhawan	93,08,998	Nil	100*
Shri R. P. Khosla	5,000	Nil	Nil
Shri R. S. Hugar	Nil	Nil	Nil
Shri G. P. Kohli	5,000	Nil	Nil
Shri Ajay Vazirani	5,000	Nil	Nil
Shri V. K. Chopra	5,000	Nil	Nil
Dr. P. S. Pasricha	5,000	Nil	Nil
Shri Anthony Hambro	Nil	Nil	Nil

* Shri Kapil Wadhawan and Shri Dheeraj Wadhawan hold shares in the Transferor Company II jointly with the Applicant Company.

25. The extent of the shareholding of the Directors of the Transferor Company I in the Transferor Company I, Transferor Company II and the Applicant Company, either singly or jointly, as on February 29, 2012, is as under:

Name of the Directors	No. of Equity Shares of ₹ 10/- each in the Transferor Company I	No. of Equity Shares of ₹ 10/- each in the Transferor Company II	No. of Equity Shares of ₹ 10/- each in the Transferee Company
Shri Kapil Wadhawan	Nil	100*	99,78,472
Shri Michael Maybaum	Nil	Nil	Nil
Shri V. K. Chopra	Nil	Nil	5,000
Shri Ajay Vazirani	Nil	Nil	5,000
Shri Bikram Sen	Nil	Nil	Nil
Shri Anthony Hambro	Nil	Nil	Nil

* Shri Kapil Wadhawan holds shares in the Transferor Company II jointly with the Applicant Company.

26. The extent of the shareholding of the Directors of the Transferor Company II in the Transferor Company II, Transferor Company I and the Applicant Company, either singly or jointly, as on February 29, 2012, is as under:

Name of the Directors	No. of Equity Shares of ₹ 10/- each in the Transferor Company II	No. of Equity Shares of ₹ 10/- each in the Transferor Company I	No. of Equity Shares of ₹ 10/- each in the Transferee Company
Shri Kapil Wadhawan	100*	Nil	99,78,472
Shri Dheeraj Wadhawan	100*	Nil	93,08,998

* Shri Kapil Wadhawan and Shri Dheeraj Wadhawan hold shares in the Transferor Company II jointly with the Applicant Company.

27. The change in the pre and post Scheme (expected) shareholding pattern of the Applicant Company is given herein below:

SHAREHOLDING PATTERN - PRE ARRANGEMENT AS ON 09.03.2012.

Sl. No	Description	Post Arrangement (Expected)		
		Nos.	Holding	% to Equity
1	Promoter & Promoter Group	7	4,11,54,453	35.22
	Sub Total (A)	7	4,11,54,453	35.22
	Foreign and Non Resident Holding			
2	Foreign Institutional Investor	97	5,29,00,683	45.28
3	Non Residents	183	60,402	0.05
	Sub Total (B)	280	5,29,61,085	45.33
	Banks/Mutual Funds/Indian Financial Institutions			
4	Banks	1	200	0.00
5	Mutual Funds	8	3,53,055	0.30
6	Financial Institutions	1	7,39,121	0.63
	Sub Total (C)	10	10,92,376	0.93
	Others			
7	Private Corporate Bodies	401	1,56,64,393	13.41
8	Indian Public/HUF	16431	59,67,674	5.11
	Sub Total (D)	16832	2,16,32,067	18.52
	Grand Total (A+B+C+D)	17129	11,68,39,981	100.00

SHAREHOLDING PATTERN - POST ARRANGEMENT

Sl. No	Description	Post Arrangement (Expected)		
		Nos.	Holding	% to Equity
1	Promoter & Promoter Group	8	4,73,75,239	37.09
	Sub Total (A)	8	4,73,75,239	37.09
	Foreign and Non Resident Holding			
2	Foreign Institutional Investor	99	5,75,66,272	45.07
3	Non Residents	183	60,402	0.05
	Sub Total (B)	282	5,76,26,674	45.12
	Banks/Mutual Funds/Indian Financial Institutions			
4	Banks	1	200	0.00
5	Mutual Funds	8	3,53,055	0.28
6	Financial Institutions	1	7,39,121	0.58
	Sub Total (C)	10	10,92,376	0.86
	Others			
7	Private Corporate Bodies	401	1,56,64,393	12.26
8	Indian Public/HUF	16431	59,67,674	4.67
	Sub Total (D)	16832	2,16,32,067	16.93
	Grand Total (A+B+C+D)	17132	12,77,26,356	100.00

28. No investigation proceedings have been instituted or are pending under Sections 235 to Section 251 of the Companies Act, 1956 against any of the Transferor Companies or the Transferee Company.
29. There is no likelihood that any creditor of the Applicant Company would be prejudiced as a result of the Scheme being passed.
30. The financial position of the Applicant Company will not be adversely affected by the Scheme. The financial position of the Applicant Company will continue to remain strong and it will be able to meet and pay its debts as and when they arise in the normal course of business.
31. The Bombay Stock Exchange Limited by its letter No. DCS/AMAL/NTP/24(F)/693/2011-12 dated January 12, 2012 and National Stock Exchange of India Limited by its letter NSE vide its letter No. NSE/List/157011-6 dated January 19, 2012 have granted their no-objection under Clause 24(f) of the Listing Agreement to the said Scheme.
32. An equity shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him, and such proxy need not be a member of the Applicant Company. The instrument appointing the proxy should however be deposited at the registered office of the Applicant Company not later than 48 (forty eight) hours prior to the commencement of the meeting.
33. Corporate members intending to send their authorised representatives to attend the meeting are requested to lodge a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate not later than 48 (forty eight) hours before commencement of the meeting, authorising such person to attend and vote on its behalf at the meeting.
34. Inspection of the following documents may be had at the Registered Office of the Applicant Company at Warden House, 2nd Floor, Sir P.M. Road, Fort , Mumbai - 400 001 on all working days (except Saturdays) of the Company between 11.00 a.m. and 5.00 p.m. upto the date of the Court Convened Meeting
 - (a) Memorandum and Articles of Association of the Applicant Company and the Transferor Companies;
 - (b) Annual Reports of Applicant Company and the Transferor Companies for the year 2010-2011 and unaudited financial results for the quarter ending 30th September 2011 of the Applicant Company;
 - (c) Authenticated copy of Order dated March 16, 2012 of the High Court of Judicature of Bombay passed in Company Summons for Direction No. 174 of 2012 directing the convening of the meeting of the Equity Shareholders of the Applicant Company;
 - (d) Scheme of Amalgamation;
 - (e) Copy of the Valuation Report dated September 28, 2011 of Ernst & Young Private Limited, Mumbai;
 - (f) Copy of the Fairness Opinion dated September 28, 2011 issued by Standard Chartered Bank on the valuation of shares done by the valuers;
 - (g) Copy of the letter No.DCS/AMAL/NTP/24(F)/693/2011-12 dated January 12, 2012 from the Bombay Stock Exchange Limited approving the Scheme of Amalgamation; and
 - (h) Copy of the letter No. NSE/List/157011-6 dated January 19, 2012 received from the National Stock Exchange of India Limited approving the Scheme of Amalgamation.

This statement may be treated as the statement under Section 173 and Section 393 of the Act. A copy of the Scheme of Amalgamation and this Explanatory Statement and Form of Proxy may be obtained by Equity Shareholders of the Applicant Company from the Registered Office of the Applicant Company during ordinary business hours on all working days(except Saturdays).

A copy of the Scheme of Amalgamation, Explanatory Statement and Form of Proxy may be obtained from the office of M/s. HEMANT SETHI & Co, Advocate for the Applicant Company at 1602 Nav Parmanu, Behind, Amar Cinema Chembur, Mumbai 400071.

Sd/-
Kapil Wadhawan
Chairman appointed for the meeting

Dated this 21st day of March, 2012

Registered Office:
Warden House, Second Floor,
Sir, P. M. Road,
Fort, Mumbai - 400 001

SCHEME OF AMALGAMATION
UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956
OF
FIRST BLUE HOME FINANCE LIMITED (THE “TRANSFEROR COMPANY I”)
AND
DHFL HOLDINGS PRIVATE LIMITED (“TRANSFEROR COMPANY II”)
WITH
DEWAN HOUSING FINANCE CORPORATION LIMITED (THE “TRANSFeree COMPANY”)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
GENERAL

A. Description of Companies and Background

- I. First Blue Home Finance Limited (formerly known as Deutsche Postbank Home Finance Limited) is a company incorporated under the Companies Act, 1956 having its registered office at 12C – 12D, 2nd Floor, Vasant Square Mall, Plot – A, Sector – B, Pocket – V, Vasant Kunj, New Delhi - 110070(hereinafter referred to as the “**Transferor Company I**”). The Transferor Company I is a housing finance company engaged in the business of providing housing finance to any person or persons, companies or corporations or societies and associations for the purpose of construction or purchase of any house or any part or portions thereof in India for residential purposes or for enlargement or repairs of any house or part or portions thereof. The Transferor Company I targets customers in the mid to high income segments.
- II. DHFL Holdings Private Limited is a company incorporated under the Companies Act, 1956 having its registered office at 6th Floor, HDIL Towers, AnantKanekarMarg, Station Road, Bandra (East) Mumbai 400 051 (hereinafter referred to as the “**Transferor Company II**”). The Transferor Company II is a holding company holding equity interests in Transferor Company I.
- III. Dewan Housing Finance Corporation Limited is a company incorporated under the Companies Act, 1956 having its registered office at Warden House, 2nd Floor, Sir P.M. Road, Fort , Mumbai - 400 001 (hereinafter referred to as the “**Transferee Company**”). The Transferee Company is a listed housing finance company engaged in the business of providing housing finance to any person or persons, companies or corporations or societies and associations for the purpose of construction or purchase of any house or any part or portions thereof in India for residential purposes or for enlargement or repairs of any house or part or portions thereof. The Transferee Company focusses on providing finance products to the lower middle income segments in India.
- IV. The Transferor Company II is a wholly owned subsidiary of the Transferee Company. The Transferor Company I is a subsidiary of the Transferor Company II. The Transferee Company’s equity shares are listed on Bombay Stock Exchange and National Stock Exchange of India Limited. The Transferor Company I and Transferor Company II shall be collectively referred to as “**Transferor Companies**”.
- V. Transferor Company I and the Transferee Company are registered as housing finance companies under the National Housing Bank Act, 1987.
- VI. This Scheme of Amalgamation provides for the amalgamation of the Transferor Companies with the Transferee Company pursuant to Sections 391 to 394 and other relevant provisions of the Companies Act, 1956.

B. Rationale for the Scheme

The Transferee Company is holding substantial stake directly and indirectly in the Transferor Companies and as both the Transferor Companies and Transferee Company business activities are similar and complement each other, and to achieve *inter-alia* economies of scale and efficiency, the merger of the companies is being undertaken. The amalgamation of the Transferor Companies with the Transferee Company would *inter alia* have the following benefits:

- (a) Greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value, and will improve the competitive position of the combined entity.
- (b) Greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value.
- (c) Improved organizational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.
- (d) Greater access by the amalgamated company to different market segments in the conduct of its business.
- (e) Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses.
- (f) Achieving economies of scale.

In view of the aforesaid, the Board of Directors of the Transferor Companies and the Transferee Company have considered and proposed the amalgamation of the entire undertaking and business of the Transferor Companies with the Transferee Company in order to benefit the stakeholders of both the companies. Accordingly, the Board of Directors of the Transferor Companies and the Transferee Company have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertaking and business of the Transferor Companies with and into the Transferee Company pursuant to the provisions of Section 391 to Section 394 and other relevant provisions of the Act.

C. Parts of the Scheme:

This Scheme of Amalgamation is divided into the following parts:

- (i) **Part I** deals with definitions of the terms used in this Scheme of Amalgamation and sets out the share capital of the Transferor Companies and the Transferee Company;
- (ii) **Part II** deals with the transfer and vesting of the Undertaking (as hereinafter defined) of the Transferor Companies to and in the Transferee Company;
- (iii) **Part III** deals with the issue of new equity shares by the Transferee Company to the eligible shareholders of the Transferor Companies, as applicable;
- (iv) **Part IV** deals with the accounting treatment for the amalgamation in the books of the Transferee Company and dividends;
- (v) **Part V** deals with the dissolution of the Transferor Companies and the general terms and conditions applicable to this Scheme of Amalgamation and other matters consequential and integrally connected thereto.

- D.** The amalgamation of the Transferor Companies with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with the relevant provisions of the Income Tax Act, 1961 including but not limited to Section 2(1B) and Section 47 thereof.

PART I

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"** means the Companies Act, 1956 of India and includes any statutory re-enactment or amendment(s) thereto, from time to time;
- 1.2. "Appointed Date"** means April 1, 2011;
- 1.3. "Board of Directors" or "Board"** means the board of directors of the Transferor Company I or Transferor Company II or the Transferee Company, as the case may be, and shall include a duly constituted committee thereof;
- 1.4. "Effective Date"** means the last of the dates on which the certified or authenticated copy of the orders of the High Courts sanctioning the Scheme are filed with the respective Registrar of Companies by the Transferor Companies and by the Transferee Company. 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;
- 1.5. "ESOS 2008"** means the Employee Stock Option Scheme of the Transferee Company formulated in 2008 in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 under which the Transferee Company granted 1,422,590 (One Million Four Hundred Twenty Two Thousand Five Hundred and Ninety) stock options to eligible employees of the Transferee Company exercisable in accordance with the terms thereof.
- 1.6. "ESOS 2009"** means the Employee Stock Option Scheme of the Transferee Company formulated in 2009 in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 under which the Transferee Company granted 2,509,670 (Two Million Five Hundred and Nine Thousand Six Hundred and Seventy) stock options to eligible employees of the Transferee Company exercisable in accordance with the terms thereof.
- 1.7. "Governmental Authority"** means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction over the territory of India;
- 1.8. "High Court"** means the High Court of Judicature at New Delhi having jurisdiction in relation to the Transferor Company I and the High Court of Judicature at Bombay having jurisdiction in relation to the Transferee Company and Transferor Company II, as the context may admit and shall, if applicable, include the National Company Law Tribunal, and "**High Courts**" shall mean both of them, as the context may require;
- 1.9. "Record Date"** means the date to be fixed by the Board of Directors of the Transferee Company for the purpose of determining the names of the equity shareholders of the Transferor Companies, as applicable, who shall be entitled to shares of the Transferee Company under Clause 10.2 hereto, upon coming into effect of this Scheme;

- 1.10. **“Scheme”** means this Scheme of Amalgamation between the Transferor Companies and the Transferee Company and their respective shareholders and creditors as submitted to the High Courts together with any modification(s) approved or directed by the High Courts;
- 1.11. **“Specified Shareholders”** shall mean the Transferee Company to the extent it holds shares in Transferor Company II and the Transferor Company II to the extent it holds shares in Transferor Company I;
- 1.12. **“Stock Exchanges”** means the Bombay Stock Exchange and the National Stock Exchange of India Limited;
- 1.13. **“Transferor Company I”** means First Blue Home Finance Limited, a company incorporated under the Companies Act, 1956 having its registered office at 12C – 12D, 2nd Floor, Vasant Square Mall, Plot – A, Sector – B, Pocket – V, Vasant Kunj, New Delhi - 110070;
- 1.14. **“Transferor Company II”** means DHFL Holdings Private Limited, a company incorporated under the Companies Act, 1956 having its registered office at 6th Floor, HDIL Towers, Anant Kanetkar Marg, Station Road, Bandra (East) Mumbai 400 051;
- 1.15. **“Transferor Companies”** means both Transferor Company I and the Transferor Company II,
- 1.16. **“Transferee Company”** means Dewan Housing Finance Corporation Limited, a company incorporated under the Companies Act, 1956 having its registered office at Warden House , 2nd Floor, Sir P.M. Road, Fort , Mumbai - 400 001;
- 1.17. **“Undertaking”** means the whole of the undertaking and entire business of the Transferor Companies as a going concern, including (without limitation):
- I. All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) of the Transferor Companies, including but not limited to, plant and machinery, equipment, buildings and structures, offices, residential and other premises, sundry debtors, furniture, fixtures, office equipment, appliances, accessories, depots, deposits, all stocks, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units), and interests in its subsidiaries, cash balances or deposits with banks, loans, advances, disbursements, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by the Transferor Companies, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other assets, trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, know how, good will, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including, title, interests, other benefits (including tax benefits), easements, privileges, liberties, mortgages, hypothecations, pledges or other security interests created in favour of the Transferor Companies and advantages of whatsoever nature and wheresoever situated in India or abroad, belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies or in connection with or relating to the Transferor Companies and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Companies, whether in India or abroad;
 - II. All liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor Companies, of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised;
 - III. All agreements, rights, contracts, entitlements, permits, licenses, approvals, authorizations, concessions, consents, quota rights, engagements, arrangements, allotments, security arrangements (to the extent provided herein), benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the business activities and operations of the Transferor Companies;
 - IV. All records, files, papers, computer programs, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the business activities and operations of the Transferor Companies;
 - V. All permanent employees engaged by the Transferor Companies as on the Effective Date.
- 1.2. All capitalized terms not defined but used 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 Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations and byelaws, as the case may be, or any statutory amendment(s) or re-enactment thereof, for the time being in force.

2. SHARE CAPITAL

2.1. Transferor Company I:

The authorised, subscribed and paid-up share capital of the Transferor Company I as on September 30, 2011 was as under:

Particulars	(Amount in ₹)
Authorised Share Capital:	
33,30,00,000 Equity Shares of ₹ 10/- each	333,00,00,000
50,00,00 Redeemable Preference Shares of ₹ 100/- each	5,00,00,000
Subscribed and Paid up Share Capital:	
32,55,43,040 equity shares of ₹ 10/- each	325,54,30,400

The equity shares of the Transferor Company I are at present, not listed on any stock exchange.

The Transferor Company I has as on September 30, 2011 issued secured non-convertible debentures amounting to a total of ₹ 6,550,000,000 (Rupees Six Billion Five Hundred and Fifty Million) which are listed on the BSE.

2.2. Transferor Company II:

The authorised, subscribed and paid-up share capital of the Transferor Company II as on September 30, 2011 was as under:

Particulars	(Amount in ₹)
Authorised Share Capital:	
24,00,00,000 equity shares of ₹ 10/- each	240,00,00,000
Subscribed and Paid up Share Capital:	
22,90,10,000 equity shares of ₹ 10/- each	229,01,00,000

The equity shares of Transferor Company II are, at present, not listed on any stock exchange.

2.3. Transferee Company:

The authorised, subscribed and paid-up share capital of the Transferee Company as on September 30, 2011 was as under:

Particulars	(Amount in ₹)
Authorised Capital	
175,000,000 Equity Shares of ₹ 10/- each	1,750,000,000
75,000,000 Preference Shares of ₹ 10/- each	750,000,000
	2,500,000,000
Issued, Subscribed and Paid-up Capital	
104,745,826 Equity Shares of ₹ 10/- each	1,047,458,260

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

* The Transferee Company has 2 Employee Stock Option Schemes subject to the terms of which the eligible employees of the Transferee Company are entitled to a certain number of equity shares. Pursuant to the ESOS 2008, a total of 699,566 (Six Hundred and Ninety Nine Thousand Five Hundred and Sixty Six) stock options have been exercised and a total of 723,024 (Seven Hundred and Twenty Three Thousand and Twenty Four) stock options are yet to be exercised. Pursuant to ESOS 2009, a total of 291,959 (Two Hundred and Ninety One Thousand Nine Hundred and Fifty Nine) stock options have been exercised and a total of 2,217,711 (Two Million Two Hundred and Seventeen Seven Hundred and Eleven) stock options are yet to be exercised. Each stock option entitles the eligible employee of one (1) equity shares of the Transferee Company.

* The Transferee Company proposes to issue securities of up to INR 10,000,000,000 by way of a preferential allotment, a private placement, rights issue or otherwise.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modifications approved or imposed or directed by the High Courts shall be effective from the Appointed Date but shall be operative from the Effective Date.

PART II

TRANSFER AND VESTING OF UNDERTAKING

4. TRANSFER OF UNDERTAKING

4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Undertaking, pursuant to the sanction of this Scheme by the High Courts under and in accordance with the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, shall stand transferred to and be vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing to be made, done or executed so as to become, as and from the Appointed Date, the Undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.

4.2 Transfer of Assets:

4.2.1 Without prejudice to the generality of Clause 4.1 above, upon the coming into effect of this Scheme and with effect from the Appointed Date:

4.2.1.1 All the assets and properties comprised in the Undertaking of whatsoever nature and wheresoever situated, shall, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the assets and properties of the Transferee Company.

4.2.1.2 Without prejudice to the provisions of Clause 0 above, in respect of such of the assets and properties of the Undertaking as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Transferor Companies and shall, upon such transfer, become the assets and properties of the Transferee Company as an integral part of the Undertaking, without requiring any separate deed or instrument or conveyance for the same.

4.2.1.3 In respect of movables other than those dealt with in Clause 4.2.1.2 above including sundry debts, receivables, bills, credits, loans and advances of the Undertaking, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Governmental Authority or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Transferee Company.

4.2.1.4 All interests of the Transferor Companies in their respective subsidiaries as on the Appointed Date will become the interests and subsidiaries of the Transferee Company.

4.2.1.5 All the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Companies and all rights and benefits that have accrued or which may accrue to the Transferor Companies, whether before or after the Appointed Date, shall, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

4.2.2 The Transferor Companies shall, if so required, also give notice in such form as it may deem fit and proper to the debtors, that pursuant to the sanction of this Scheme by the High Courts under and in accordance with Sections 391 and 394 and all other applicable provisions, if any, of the Act, the said debtors should pay to the Transferee Company the debt, loan or advance or make the same on account of the Transferor Companies and the right of the Transferor Companies to recover or realize the same stands extinguished.

4.2.3 All assets and properties of the Transferor Companies as on the Appointed Date, whether or not included in the books of the respective Transferor Company, and all assets and properties which are acquired by the Transferor Companies on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company, and shall under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme. Provided however that no onerous assets shall have been acquired by the Transferor Companies after the Appointed Date without the consent of the Transferee Company as provided for in this Scheme.

4.3 **Transfer of Liabilities :**

4.3.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date all liabilities relating to and comprised in the Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Companies of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations (herein referred to as the “**Liabilities**”), shall, pursuant to the sanction of this Scheme by the High Courts under and in accordance with the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Companies, and the Transferee Company shall meet, discharge and satisfy the same and further 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 Liabilities have arisen in order to give effect to the provisions of this Clause.

4.3.2 All debts, liabilities, duties and obligations of the Undertaking as on the Appointed Date, whether or not provided in the books of the respective Transferor Company, and all debts and loans raised, and duties, liabilities and obligations incurred or which arise or accrue to the Undertaking on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme.

The securities of the Transferor Company listed on any stock exchange, shall, subject to applicable regulations, continue to remain listed and / or admitted to trading on the relevant stock exchange(s) in India on the same terms and conditions unless otherwise modified in accordance with the provisions hereof. The Transferee Company shall enter into such arrangements and issue such confirmation and / or undertakings as may be necessary in accordance with the applicable laws or regulations, for the above purposes.

4.3.3 Where any such debts, loans raised, liabilities, duties and obligations of the Undertaking as on the Appointed Date have been discharged or satisfied by the Transferor Companies after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.

4.3.4 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Undertaking and the Transferee Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company.

4.4 **Encumbrances**

4.4.1 The transfer and vesting of the assets comprised in the Undertaking to and in the Transferee Company under Clauses 4.1 and 4.2 of this Scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.

4.4.2 All the existing securities, mortgages, charges, encumbrances or liens (the “**Encumbrances**”), if any, as on the Appointed Date and created by the Transferor Companies after the Appointed Date, over the assets comprised in the Undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to liabilities of the Transferor Companies, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company, provided however that no Encumbrances shall have been created by the Transferor Companies over its assets after the Appointed Date without the consent of the Transferee Company as provided for in this Scheme.

4.4.3 The existing Encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Undertaking transferred to and vested in the Transferee Company by virtue of this Scheme.

4.4.4 Any reference in any security documents or arrangements (to which the Transferor Companies are a party) to the Transferor Companies and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Companies transferred to the Transferee Company by virtue of this Scheme. Without prejudice to the foregoing provisions, the Transferor Companies and the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the Registrar of Companies to give formal effect to the above provisions, if required.

- 4.4.5 Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of the Scheme.
- 4.4.6 It is expressly provided that, no other term or condition of the Liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- 4.4.7 The provisions of this Clause 4.4 shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall be deemed to stand modified and/or superseded by the foregoing provisions.
- 4.5 **Inter - se Transactions:**
Without prejudice to the provisions of Clauses 4.1 to 4.4, with effect from the Appointed Date, all inter-party transactions between the Transferor Companies and the Transferee Company shall be considered as intra-party transactions for all purposes.

5. CONTRACTS, DEEDS, ETC.

- 5.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, assurances and other instruments of whatsoever nature to which the Transferor Companies are a party or to the benefit of which the Transferor Companies may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect by, for or against or in favour of, as the case may be, the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee or obligor thereto or thereunder.
- 5.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking occurs by virtue of 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 and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Companies are a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. 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 Companies and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Companies.
- 5.3 For the 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, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Companies shall without any further act or deed, 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. The Transferee Company shall receive relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.

6. LEGAL PROCEEDINGS

- 6.1 On and from the Appointed Date, all suits, actions, claims and legal proceedings by or against the Transferor Companies pending and/or arising on or before the Effective Date shall be continued and / or enforced as desired by the Transferee Company 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 pending and/or arising by or against the Transferee Company. On and from the Effective Date, the Transferee Company shall have the right to initiate, defend, compromise or otherwise deal with any legal proceedings relating to the Undertaking, in the same manner and to the same extent as would or might have been initiated by the Transferor Companies as the case may be, had the Scheme not been made; If any suit, appeal or other proceedings relating to the Undertaking, of whatever nature by or against the Transferor Companies be pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the amalgamation of the Undertaking or by anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Companies as if this Scheme had not been made.

7. CONDUCT OF BUSINESS

- 7.1 With effect from the Appointed Date and up to and including the Effective Date:
- 7.1.1 The Transferor Companies shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking on account of, and for the benefit of and in trust for, the Transferee Company.

- 7.1.2 All the profits or income accruing or arising to the Transferor Companies, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Transferor Companies shall, for all purposes, be treated and be deemed to be and accrue as the profits or income or as the case may be, expenditure or losses (including taxes) of the Transferee Company.
- 7.1.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Companies shall be deemed to have been exercised by the Transferor Companies for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Undertaking that have been undertaken or discharged by the Transferor Companies shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company.
- 7.2 With effect from the first of the date of filing of this Scheme with the High Courts and up to and including the Effective Date:
- 7.2.1 The Transferor Companies shall preserve and carry on their business and activities with reasonable diligence and business prudence and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for itself or on behalf of its group companies or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with the Undertaking or any part thereof save and except in each case in the following circumstances:
- 7.2.1.1 if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Courts; or
- 7.2.1.2 if the same is permitted by this Scheme; or
- 7.2.1.3 if consent of the Board of Directors of the Transferee Company has been obtained.
- 7.2.2 The Transferor Companies shall not take, enter into, perform or undertake, as applicable (i) any material decision in relation to its business and operations (ii) any agreement or transaction; and (iii) such other matters as the Transferee Company may notify from time to time save and except in each case in the following circumstances:
- 7.2.2.1 if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Courts; or
- 7.2.2.2 if the same is permitted by this Scheme; or
- 7.2.2.3 if consent of the Board of Directors of the Transferee Company has been obtained.
- 7.2.3 Without prejudice to the generality of Clause 7.2.2 above, the Transferor Companies shall not make any change in its capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may, in any way, affect the Share Exchange Ratio (as provided in Clause 10.2 below), except under any of the following circumstances:
- 7.2.3.1 by mutual consent of the Board of Directors of the Transferor Companies and of the Transferee Company; or
- 7.2.3.2 as may be permitted under this Scheme.
- 7.3 Treatment of Taxes
- 7.3.1 Any tax liabilities under the Income-tax Act, 1961, Wealth Tax Act, 1957, Customs Act, 1962, Central Excise Act, 1944, Maharashtra Value Added Tax Act, 2002, Central Sales Tax Act, 1956, any other state Sales Tax / Value Added Tax laws, service tax, luxury tax, stamp laws or other applicable laws/ regulations (hereinafter in this Clause referred to as "**Tax Laws**") dealing with taxes/ duties/ levies allocable or related to the business of the Transferor Companies to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to Transferee Company.
- 7.3.2 All taxes (including income tax, wealth tax, sales tax, excise duty, customs duty, service tax, luxury tax, VAT, etc.) paid or payable by the Transferor Companies in respect of the operations and/or the profits of the business on and from the Appointed Date, shall be on account of the Transferee Company and, insofar as it relates to the tax payment (including without limitation income tax, wealth tax, sales tax, excise duty, customs duty, service tax, luxury tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Companies in respect of the profits or activities or operation of the business on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly.
- 7.3.3 Any refund under the Tax Laws due to Transferor Companies consequent to the assessments made on Transferor Companies and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 7.3.4 Without prejudice to the generality of the above, all benefits including under the income tax, sales tax, excise duty, customs duty, service tax, luxury tax, VAT, etc., to which the Transferor Companies are entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Transferee Company.

8. EMPLOYEES

8.1 Upon the coming into effect of this Scheme:

8.1.1 All the permanent employees of the Transferor Companies who are in its employment as on the Effective Date shall become the permanent employees of the Transferee Company with effect from the Effective Date without any break or interruption in service and on terms and conditions as to employment and remuneration not less favourable than those on which they are engaged or employed by the respective Transferor Company. It is clarified that the employees of the Transferor Companies who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the employees of the Transferee Company), unless otherwise determined by the Board of Directors of the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/ settlement, if any, validly entered into by the Transferor Companies with any union/employee of the Transferor Companies (as may be recognized by the Transferor Companies). After the Effective Date, the Transferee Company shall be entitled to vary the terms and conditions as to employment and remuneration of the employees of the Transferor Companies on the same basis as it may do for the employees of the Transferee Company.

8.1.2 The existing provident fund, gratuity fund and pension and/or superannuation fund or trusts or retirement funds or benefits created by the Transferor Companies or any other special funds created or existing for the benefit of the concerned permanent employees of the Transferor Companies (collectively referred to as the “**Funds**”) and the investments made out of such Funds shall, at an appropriate stage, be transferred to the Transferee Company to be held for the benefit of the concerned employees. The Funds shall, subject to the necessary approvals and permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Companies 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 fund with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute thereto, until such time as the Transferee Company creates its own funds at which time the Funds and the investments and contributions pertaining to the employees of the Transferor Companies shall be transferred to such funds of the Transferee Company.

9. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Undertaking of the Transferor Companies under Clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Companies on or before the Appointed Date or concluded 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 Companies as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

PART III

10. ISSUE OF EQUITY SHARES BY TRANSFEE COMPANY

10.1 The provisions of this Part III shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.

10.2 Issue of new equity shares by Transferee Company

10.2.1 Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Undertaking to the Transferee Company in terms of this Scheme, the Transferee Company shall, subject to the provisions of Clause 10.3, without any further application, act, instrument or deed, issue and allot to all the equity shareholders of the Transferor Company I (other than the Specified Shareholders as defined under Clause 1.11) whose names are registered in the Register of Members of the Transferor Company I on the Record Date or his/her/its legal heirs, executors or administrators or, as the case may be, successors, a total of 10,886,375 (Ten Million Eighty Hundred and Eighty Six Thousand Three Hundred and Seventy Five) equity shares of ₹ 10 (Rupees Ten only) each, credited as fully paid up of the Transferee Company in the ratio of 10 (Ten) equity shares of the face value of ₹ 10 (Rupees Ten only) each of the Transferee Company for every 97 (Ninety Seven) equity shares of the face value of ₹ 10 (Rupees Ten only) each credited as fully paid-up held on the Record Date by such equity shareholders or their respective legal heirs, executors or administrators or, as the case may be, successors in the Transferor Company I with rights attached thereto as mentioned in this Scheme. For the purposes of the allotment referred to in this Clause, fractional entitlements shall be rounded-off to the next higher whole number.

10.2.2 The Specified Shareholders shall, pursuant to Clause 10.3, not be entitled to be issued equity shares of the Transferee Company in terms of this Scheme, on account of Section 42 of the Act.

10.2.3 Where new equity shares of the Transferee Company are to be allotted to heirs, executors or administrators or,

as the case may be, to successors of deceased equity shareholders of the Transferor Company I, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of the Transferee Company.

- 10.2.4 The ratio in which equity shares of the Transferee Company are to be issued and allotted to the equity shareholders of the Transferor Company I (except the Specified Shareholders) are herein referred to as the “**Share Exchange Ratio**”. In the event that the Transferee Company restructures its equity share capital by way of share split/ consolidation/issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio shall be adjusted accordingly to take into account the effect of such corporate actions.
- 10.2.5 The equity shares of the Transferee Company are listed and admitted to trading on the Stock Exchanges. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with applicable laws and regulations for complying with the formalities of the Stock Exchanges with respect to the issue of ordinary (equity) shares under this Scheme. On such formalities being fulfilled, the Stock Exchanges shall list and/or admit such equity shares issued pursuant to this Scheme, for the purpose of trading. The ordinary (equity) shares allotted pursuant to Clause 10.2 shall remain frozen in the depositories system till listing /trading permission is given by the Stock Exchanges and shall be subject to such lock-in as may be prescribed by the Stock Exchanges and/or other Governmental Authorities.
- 10.3 In furtherance of the provisions of Section 42 of the Act, the shares held by the Specified Shareholders in Transferor Company I and Transferor Company II, respectively, shall stand cancelled upon the Scheme becoming effective without any further application, act or deed and there would be no issuance of equity shares by the Transferee Company pursuant to this Scheme in relation to such shareholding.
- 10.4 **Increase in authorised, issued, subscribed and paid-up capital of Transferee Company**

10.4.1 Upon the Scheme coming into effect, the authorised share capital of the Transferee Company in terms of its Memorandum of Association and Articles of Association shall automatically stand enhanced without any further act, instrument or deed on the part of the Transferee Company, including payment of stamp duty and fees payable to Registrar of Companies, by an amount of ₹ 5,780,000,000 (Rupees Five Billion Seven Hundred and Eight Million), and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 16, Section 31, Section 94 or any other applicable provisions of the Act, would be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Transferor Companies on their respective authorised share capital shall be utilized and applied to the increased share capital of the Transferee Company, and shall be deemed to have been so paid by the Transferee Company on such combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fees / stamp duty on the authorised share capital so increased.

Accordingly, in terms of this Scheme, the authorised share capital of the Transferee Company shall stand enhanced to an amount of ₹ 8,280,000,000 (Rupees Eight Billion Two Hundred and Eighty Million Only) divided into 748,000,000 equity shares of ₹ 10 each and 75,000,000 preference shares of ₹ 10 each and 500,000 preference shares of ₹ 100 each. The capital clause being Clause V of the Memorandum of Association of the Transferee Company shall on the Effective Date stand substituted to read as follows:

“The Authorised Share Capital of the Company is ₹ 8,280,000,000 (Rupees Eight Billion Two Hundred and Eighty Million Only) divided into:

- (a) 748,000,000 equity shares of ₹ 10 each;*
- (b) 75,000,000 preference shares of ₹ 10 each; and*
- (c) 500,000 preference shares of ₹ 100 each*

with such rights, privileges and conditions as to security, redemption, conversion into equity shares, rate of dividend, right of accumulation of dividend etc., attaching thereto as are provided by the Articles of Association of the Company. The Company shall have power to increase or reduce, consolidate or sub-divide the Share Capital of the Company for the time being and from time to time divide the shares of the new Capital into several classes and denomination and to issue any shares of the original or further Share Capital of the Company for the time being with such preferential, qualified or special rights, privileges or conditions attached thereto respectively including rights to dividend in distribution of assets of the Company from time to time in accordance with the Articles of Association of the Company and subject to the provisions of the Companies Act, 1956, for the time being in force.”

Upon the Scheme becoming effective, the subscribed and paid-up capital of the Transferee Company shall stand suitably increased consequent upon the issuance of new equity shares in accordance with Clause 10.2 above.

10.4.2 It is clarified that no special resolution under Section 81(1A) of the Act shall be required to be passed by the Transferee Company separately in a general meeting for issue of shares to the shareholders of the Transferor Companies under this Scheme and on the members of the Transferee Company approving this Scheme, it shall be deemed that they have given their consent to the issue of equity shares of the Transferee Company to the eligible shareholders of the Transferor Company I in the Share Exchange Ratio.

10.5 General provisions:

10.5.1 Issue of shares in dematerialized:

The ordinary (equity) shares to be issued by the Transferee Company pursuant to Clause 10.2 above shall be issued in dematerialized form, provided that the relevant members of the Transferor Company I have an account with a depository participant and provided details thereof and such other confirmations as may be required are furnished by such members of the Transferor Company I to the Transferee Company on or before the Record Date.

10.5.2 Pending share transfers, etc.:

10.5.2.1 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the respective Transferor Company, the Board of Directors of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Transferor Companies, after the effectiveness of this Scheme;

10.5.2.2 The ordinary (equity) shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company I which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Transferee Company.

10.5.3 New Equity Shares subject to same terms:

The ordinary (equity) shares issued and allotted by the Transferee Company in terms of this Scheme 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 dividend, if any, that may be declared by the Transferee Company on or after the Effective Date;

10.5.4 Obtaining of approvals:

For the purpose of issue of equity shares to the eligible shareholders of the Transferor Company I, the Transferee Company shall, if and to the extent required, apply for and obtain the required statutory approvals and approvals of other concerned regulatory authorities for the issue and allotment by the Transferee Company of such equity shares.

PART IV

ACCOUNTING TREATMENT AND DIVIDENDS

11. ACCOUNTING TREATMENT

- 11.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, for the purpose of accounting for and dealing with the value of the assets and liabilities in the books of the Transferee Company, the fair value of the assets and liabilities shall be determined as of the Appointed Date.
- 11.2 The identity of statutory reserves of the Transferor Companies, if any, shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner in which they appeared in the financial statements of the Transferor Companies, prior to this Scheme becoming effective.
- 11.3 The balance in the Profit & Loss Account and the Free Reserves Account of the Transferor Companies shall be carried as the balances in the accounts of the Transferee Company.
- 11.4 The difference between the value of respective investments carried in the books of the Transferee Company and the "Net Book Value" of the assets of the respective Transferor Company, shall be treated as goodwill or capital reserve as the case may be, in the books of the Transferee Company, and dealt with in accordance with the Accounting Standard AS-14 issued by the Institute of Chartered Accountants of India.
- 11.5 Subject to provisions of this Scheme, the Transferee Company shall abide by Accounting Standard AS-14 issued by the Institute of Chartered Accountants of India.
- 11.6 The amalgamation of Transferor Companies with the Transferee Company in terms of this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(1B) of the Income Tax Act, 1961.
- 11.7 The Transferor Companies or the Transferee Company (by the Board of Directors) may alter or modify the accounting treatment specified in the Scheme, in consultation with the auditors, as they may deem fit and consider necessary, to settle any question/difficulty arising out of the Scheme, to comply with the relevant laws (including but not limited to the Income Tax Act, 1961) and applicable accounting standards.

12. DECLARATION OF DIVIDEND

- 12.1 During the period between the Appointed Date and up to and including the Effective Date, the Transferor Companies shall not declare any dividend without the prior written consent of the Board of Directors of the Transferee Company.
- 12.2 For the avoidance of doubt, it is hereby declared that nothing in the Scheme shall prevent the Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the Record Date for the purpose of dividend and the shareholders of the Transferor Companies shall not be entitled to dividend, if any, declared by the Transferee Company prior to the Effective Date.

PART V

DISSOLUTION OF TRANSFEROR COMPANIES AND GENERAL TERMS AND CONDITIONS

13. DISSOLUTION OF TRANSFEROR COMPANIES

On the coming into effect of this Scheme, the Transferor Companies shall stand dissolved without winding-up, and the Board of Directors and any committees thereof of the Transferor Companies shall without any further act, instrument or deed be and stand dissolved.

14. VALIDITY OF EXISTING RESOLUTIONS, ETC.

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

15. MODIFICATION OF SCHEME

- 15.1 The Transferor Companies and the Transferee Company by their respective Board of Directors or any director/executives or any committee authorised in that behalf (hereinafter referred to as the “**Delegate**”) may assent to, or make, from time to time, any modification(s) or addition(s) to this Scheme which the High Courts or any authorities under law may deem fit to approve of or may impose and which the Board of Directors of the Transferor Companies and the Transferee Company may in their discretion accept, or such modification(s) or addition(s) as the Board of Directors of the Transferor Companies and the Transferee Company or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise in carrying out this Scheme. The Transferor Companies and the Transferee Company by their respective Boards of Directors or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect, and/or give such consents as may be required in terms of this Scheme. In the event that any conditions are imposed by the High Courts or any Governmental Authorities, which the Board of Directors of the Transferor Companies or the Transferee Company find unacceptable for any reason, then the Transferor Companies and the Transferee Company shall be at liberty to withdraw the Scheme.
- 15.2 For the purpose of giving effect to this Scheme or to any modification(s) thereof or addition(s) thereto, the Delegates (acting jointly) of the Transferor Companies and Transferee Company may give and are authorised to determine and give all such directions as are necessary for settling or removing any question of doubt or difficulty that may arise under this Scheme or in regard to the meaning or interpretation of any provision of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders or depositors, if any of the Transferor Companies) or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any such conditions (to the extent permissible in law) and such determination or directions or waiver, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme. For the avoidance of doubt it is clarified that where this Scheme requires the approval of the Board of Directors of the Transferor Companies or the Transferee Company to be obtained for any matter, the same may be given through their Delegates.

16. FILING OF APPLICATIONS

The Transferor Companies and the Transferee Company shall use their best efforts to make and file all applications and petitions under Sections 391 to 394 and other applicable provisions of the Act, before the respective High Courts having jurisdiction for sanction of this Scheme under the provisions of law, and shall apply for such approvals as may be required under law.

17. APPROVALS

The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Transferee Company may require to own the Undertaking and to carry on the business of the Transferor Companies.

18. SCHEME CONDITIONAL UPON SANCTIONS, ETC.

18.1 This Scheme is conditional upon and subject to:

18.1.1 The Scheme being agreed to by the requisite majority of the respective classes of members and/or creditors of the Transferor Companies and of the Transferee Company as required under the Act and the requisite orders of the High Courts being obtained; and

18.1.2 The Scheme being approved by the Stock Exchanges; and

18.1.3 Such other consents, sanctions and approvals as may be required by law (including but not limited to the consent from the National Housing Bank of India) in respect of the Scheme being obtained; and

18.1.4 The certified copies of the orders of the High Courts sanctioning this Scheme being filed with the Registrar of Companies, New Delhi and the Registrar of Companies, Maharashtra, Mumbai.

18.2 In the event of this Scheme failing to take effect finally by September 30, 2012, or by such later date as may be agreed by the respective Board of Directors of the Transferor Companies and the Transferee Company or their respective Delegates, this Scheme shall become null and void and be of no effect and in that event no rights and liabilities whatsoever shall accrue to or be incurred or claimed inter- se by the parties or their shareholders or creditors or employees or any other person. In such case, each company shall bear its own costs, charges and expenses or as maybe mutually agreed.

19. COSTS, CHARGES, EXPENSES AND STAMP DUTY

All costs, charges and expenses (including any taxes and duties) incurred or payable by the Transferor Companies and Transferee Company in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Transferor Companies with the Transferee Company in pursuance of this Scheme, including stamp duty on the orders of the High Courts, if any and to the extent applicable and payable, shall be borne and paid by the Transferee Company.

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 174 OF 2012**

In the matter of Sections 391 to 394 of the Companies Act, 1956;

AND

In the matter of Scheme of Amalgamation of First Blue Home Finance Limited

AND

DHFL Holdings Private Limited

WITH

Dewan Housing Finance Corporation Limited AND their Respective Shareholders and Creditors

Dewan Housing Finance Corporation Limited, a company }
registered under the Companies Act, 1956, and having }
its registered office at Warden House, Second Floor, Sir }Applicant Company
P. M. Road, Fort, Mumbai - 400 001 }

FORM OF PROXY

I / We, the undersigned equity shareholder(s) of the Applicant Company hereby appoint Mr./Ms. _____ of _____ and failing him / her

Mr./Ms. _____ of _____ as my / our proxy, to act for me / us at the meeting of the Equity Shareholders of the Applicant Company to be held on **Tuesday, 17th April, 2012 at 10.30 (10.30 Hrs)** at Exchange Plaza, National Stock Exchange Auditorium, NSE Building, Ground Floor, Bandra - Kurla Complex, Bandra (East), Mumbai 400 051 for the purpose of considering and, if thought fit, approving, with or without modification(s), the Scheme of Amalgamation of First Blue Home Finance Limited and DHFL Holdings Private Limited (the 'Transferor Companies') with Dewan Housing Finance Corporation Limited (the 'Applicant Company' or the 'Transferee Company') and at such meeting and at any adjournment or adjournments thereof, to vote, for me / us / and in my / our name _____ (here, if for, insert 'for'; if against, insert 'against', and in the latter case, strike out the words "either with or without modification(s)" after 'the word Amalgamation') the said Scheme of Amalgamation, either with or without modification(s), as my / our proxy may approve.

Dated this _____ day of _____ 2012

Name: _____

Address: _____

(For Demat holding)

DP Id : _____ Client Id : _____

(For Physical holding)

Folio No.: _____ No. of shares held : _____

Signature of Shareholder(s) : _____ Sole holder / First holder : _____

or

Second holder : _____

Third holder : _____

Signature of Proxy : _____

NOTES:

1. Please affix Revenue Stamp before putting Signature.
2. All alterations made in the Form of Proxy should be initialed.
3. Proxy must be deposited at the registered office of the Applicant Company, not later than FORTY EIGHT hours before the commencement of the meeting.
4. Proxy need not be a shareholder of the Applicant Company.

Affix ₹ 1
Revenue
Stamp
Signature
across the
stamp

ATTENDANCE SLIP



DEWAN HOUSING FINANCE CORPORATION LIMITED

Registered Office : Warden House, 2nd Floor, Sir P. M. Road, Fort, Mumbai - 400 001.

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

DP ID*	
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Folio No.	
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Clint ID*	
-----------	--

No. of shares held	
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NAME AND ADDRESS OF THE EQUITY SHAREHOLDER / PROXY HOLDER

I hereby record my presence at the meeting of the Equity Shareholders of the Company convened pursuant to the Order dated 16th March, 2012 of the Hon'ble High Court of Judicature at Bombay on **Tuesday, 17th April, 2012 at 10.30 a.m (10.30 Hrs)** at Exchange Plaza, National Stock Exchange Auditorium, NSE Building, Ground Floor, Bandra - Kurla Complex, Bandra (East), Mumbai 400 051.

SIGNATURE OF THE EQUITY SHAREHOLDER OR PROXY : x _____

Notes:

1. *Applicable for investors holding shares in dematerialised form.
2. Shareholders who come to attend the meeting are requested to bring with them copy of the Scheme of Amalgamation.

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