

**SCHEME OF ACQUISITION OF**  
**STATE BANK OF INDORE BY STATE BANK OF INDIA**

Whereas the State Bank of India (the "**Transferee Bank**"), with the sanction of the Government of India conveyed *vide* its letter dated October 8, 2009 has entered into negotiations with the State Bank of Indore (the "**Transferor Bank**") for acquiring, by way of amalgamation, the business including the assets and liabilities of the Transferor Bank (the "**Acquisition**") on the basis that the Acquisition would enable consolidation, convergence and synergies between the Transferor Bank and Transferee Bank and benefit the Indian banking sector and its stakeholders; and

Pursuant to the negotiations between the Transferee Bank and the Transferor Bank, the scheme of acquisition is drawn up as set out hereunder :

1. (a) This scheme may be called the Acquisition of State Bank of Indore Scheme, 2009 (the "**Scheme**").  
  
(b) Subject to any further modifications as the Central Board of the Transferee Bank and the Board of the Transferor Bank may deem appropriate and the approval of the RBI and the Government of India in terms of sub-section (2) of Section 35 of the State Bank of India Act, 1955 (23 of 1955) (the "**SBI Act**"), this Scheme shall come into effect on the effective date ("**Effective Date**") to be decided by the Board or the Executive Committee of the Central Board of the Transferee Bank after the publication of the order of the Government of India issued pursuant to sub-section (2) of Section 35 of the SBI Act (the "**Section 35 Order**") in the Official Gazette.
2. On and from the Effective Date, the undertaking of the Transferor Bank as it stood before the Effective Date shall, without any further act, instrument or

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deed, stand transferred to, and vest in, the Transferee Bank in the manner provided herein.

3. The undertaking of the Transferor Bank which is transferred to, and will vest in, the Transferee Bank on and from the Effective Date shall be deemed to include all business, assets, rights, powers, authorities, licenses, permits, approvals, permissions, incentives, loans, subsidies, concessions, grants, liberties, special status' and other privileges and all properties namely, movable and immovable, real and personal, corporeal and incorporeal, goodwill, copyright, all rights under the intellectual property etc. in possession or reservation, present or contingent of whatever nature and wheresoever situated, including lands, commercial/residential premises, fixtures, vehicles, cash balances, deposits, foreign currencies, disclosed and undisclosed reserves, reserve fund, special reserve fund, benevolent reserve fund, any other fund, stocks, investments, shares, dividends, bonds, debentures, security, management of any industrial concern, loans, advances and guarantees given to industrial concerns, other tenancies, leases and book-debts and all other rights and interest arising out of such property as were immediately before the Effective Date in the ownership, possession or power of the Transferor Bank within or outside India, all books of account, registers, records and documents relating thereto and shall also be deemed to include all borrowings, liabilities and obligations of whatever kind within or outside India then subsisting of the Transferor Bank whether secured or unsecured, along with any charge, encumbrance, lien or security thereon or in respect thereof.
4. All contracts, deeds, bonds, guarantees, agreements, assurances, powers-of-attorney and other instruments of whatsoever nature and working arrangements subsisting immediately before the Effective Date shall be as of full force and effect against or in favour of the Transferee Bank and enforceable as fully and effectually as if, instead of the Transferor Bank, the Transferee Bank had been



named therein or had been a party thereto and it shall not be necessary to obtain the consent of any third party or other person who is a party to any of the aforesaid instruments or arrangements to give effect to the provisions of this clause.

5. Any proceeding or cause of actions, suits, decrees, recovery certificates, appeals and all other legal proceedings pending or existing immediately before the Effective Date before any court or tribunal or any other authority (including, for the avoidance of doubt, an arbitral tribunal), by or against the Transferor Bank may, as from the Effective Date, be continued and enforced by or against the Transferee Bank in which the Transferor Bank has vested by virtue of the Acquisition as it might have been enforced by or against the Transferor Bank as if the Acquisition had not taken effect and shall cease to be enforceable by or against the Transferor Bank.
  
6. (a) On the Effective Date, in consideration of the transfer and vesting of the entire undertaking of the Transferor Bank in the Transferee Bank in terms of this Scheme, the Transferee Bank shall, subject to the provisions of this Scheme, and without any further application, act or deed, issue and allot in accordance with all applicable laws / regulations, 34 equity shares of the face value of Rs. Ten (10) each credited as fully paid up in the capital of the Transferee Bank to those members of the Transferor Bank excluding the Transferee Bank and its nominees (the "**Non-Transferee Bank Shareholders**") whose names are recorded in the Register of Members and the records of the depository as members of the Transferor Bank on a date to be fixed by the Board of the Transferee Bank or its Executive Committee after the publication of the Section 35 Order (the "**Record Date**") for every 100 shares of the face value of Rs. Ten (10) each held by the Non-Transferee



Bank Shareholders in the Transferor Bank (the “**Share Exchange Ratio**”). Provided that:

- (i) Where a Non-Transferee Bank Shareholders’ holding in the Transferor Bank is such that such shareholder becomes entitled to a fraction of an equity share of the Transferee Bank, the Transferee Bank shall not issue fractional share certificates to such shareholder but shall pay to such shareholder, cash equal to the value of such fractional share determined in accordance with the valuation of the shares of the Transferee Bank conducted as set out in Clauses 7 and 8 hereof.
  - (ii) If there are any pending share transfers, whether lodged or outstanding, of any Non-Transferee Bank Shareholder on the Record Date, the Central Board or any committee of the Transferee Bank shall be empowered in appropriate cases, even subsequent to the Record Date or the Effective Date, to effectuate such a transfer of shares in the Transferee Bank as if such changes in registered holder were operative as on the Record Date in order to remove any difficulties arising to the transferor and/or transferee of the share in the Transferee Bank after the Effective Date.
- (b) The shares of the Transferee Bank issued to the Non-Transferee Bank Shareholders in terms of Clause 6(a) above will rank for dividend, voting rights and in all other respects, pari-passu with the existing shares of the Transferee Bank on and from the Effective Date and shall, subject to applicable regulations, be listed and/or admitted to trading on the relevant stock exchange(s) in India, where the existing equity shares of the Transferee Bank are listed and/or admitted to trading.

(c) On the Effective Date:

- (i) The share capital of the Transferee Bank shall stand enhanced to the extent of the face value of the shares issued to the Non Transferee Bank Shareholders and/or their nominees pursuant to the provisions of Clause 6 (a) hereof.
- (ii) The entire share capital of the Transferor Bank shall, without any further act, deed or instrument, stand cancelled on and from the Record Date. The share certificates representing such shares shall, without any further act, deed or instrument, be deemed to be automatically cancelled, extinguished and be of no effect.
- (iii) The shares of the Transferor Bank shall be delisted from stock exchange(s) in India where they are listed and/or admitted to trading. Provided that trading in the shares of the Transferor Bank shall cease on the Record Date.
- (iv) The whole time directors, including the Managing Director, of the Transferor Bank shall, without any further, act, instrument or deed, cease to hold office and the Board of Directors of the Transferor Bank shall stand dissolved.
- (v) The Transferor Bank shall, without any further act, deed or instrument, stand dissolved.

7. The Share Exchange Ratio set out at Clause 6(a) above has been approved by the Central Board of the Transferee Bank and the Board of the Transferor Bank as being a fair exchange ratio for the Acquisition after following the procedure briefly set out below:



