

SCHEME OF AMALGAMATION

OF

- 1. The Amritsar Central Cooperative Bank Ltd. Amritsar.**
- 2. The Bathinda Central Cooperative Bank Ltd. Bathinda.**
- 3. The Fazilka Central Cooperative Bank Ltd., Abohar.**
- 4. The Faridkot Central Cooperative Bank Ltd., Faridkot.**
- 5. The Fatehgarh Sahib Central Cooperative Bank Ltd., Sirhind.**
- 6. The Ferozepur Central Cooperative Bank Ltd., Ferozepur .**
- 7. The Gurdaspur Central Cooperative Bank Ltd. Gurdaspur.**
- 8. The Hoshiarpur Central Cooperative Bank Ltd. Hoshiarpur.**
- 9. The Jullundur Central Cooperative Bank Ltd., Jullundur.**
- 10. The Kapurthala Central Cooperative Bank Ltd. Kapurthala.**
- 11. The Ludhiana Central Cooperative Bank Ltd., Ludhiana.**
- 12. The Mansa Central Cooperative Bank Ltd., Mansa.**
- 13. The Moga Central Cooperative Bank Ltd. Moga.**
- 14. The Muktsar Central Cooperative Bank Ltd., Muktsar.**
- 15. The Nawanshahr Central Cooperative Bank Ltd. Nawanshahr.**
- 16. The Patiala Central Cooperative Bank Ltd., Patiala.**
- 17. The Ropar Central Cooperative Bank Ltd. Ropar.**
- 18. The Sangrur Central Cooperative Bank Ltd., Sangrur.**
- 19. The Tarn Taran Central Cooperative Bank Ltd., Tarn Taran.**
- 20. The SAS Nagar Central Cooperative Bank Ltd. SAS Nagar (Mohali)**

AND

The Punjab State Cooperative Bank Limited

This scheme of Amalgamation provides for the Amalgamation of respective DCCBs into The Punjab State Cooperative Bank Ltd. The amalgamating banks (DCCBs) intend that pursuant to the consolidation to be effected through this scheme, The Punjab State Cooperative Bank Limited will emerge as a strong bank with good branch quality and emphasis on commercial and social banking in compliance with applicable law and policy

of the RBI. The Punjab State Cooperative Bank Limited, an entity already registered under Section 8 of The Punjab Cooperative Societies Act, 1961, have its Head office at The Punjab State Cooperative Bank Ltd, SCO 175-187 Sector 34 A Chandigarh 160022.

1. DEFINITIONS:-

In this Scheme (as defined here in below), unless inconsistent with the subject or context, the following expression shall have the following meaning.

1.1 “Appointed date” means date as may be fixed or sanctioned by the Reserve Bank of India and/or in alternative the Date of Amalgamation as the case may be.

1.2 “Assets” shall mean and include:

(a) all the assets & properties of DCCBs and PStCB including without limitation, assets, residential premises and properties of all branches and offices of DCCB’s and PStCB.

(b) without prejudice to the generality of sub-clause (a) above, it shall include all the properties (whether moveable or immoveable, tangible or intangible), assets, investment of all kinds, all cash balances with RBI and other banks, money at call and short notice, loans, advances, sundry debtors, contingent rights or benefits, deposit made with any person or any authority, lease and hire purchase contracts and assets, receivables, security deposit, benefit of assets or properties or other interest held in trust or in any society including right to use installations, utilities, electricity and other services benefits of all agreements, all records, files, papers, computer programs, manuals, data, list and other details of present & former customers and suppliers, customer credit information,

customer and supplier information and all other records in connection with or relating all DCCB's and PStCB.

- 1.3 "Banking Regulation Act" means the Banking Regulation Act, 1949 (AACs) including the guidelines for Amalgamation issued by the Reserve Bank of India for the time being in force.
- 1.4 "Cut-off Date" as fixed by the State Government with prior permission of RBI.
- 1.5 "Effective Date" means the date on which the scheme is sanctioned by RCS or such other date as may be specified by RCS by an order in writing passed in this behalf.
- 1.6 "Employees" means all the Employees of DCCB's and all the employees of PStCB in service as on the Effective Date.
- 1.7 "Law" means and include all applicable Statutes, Enactments, Acts of Legislature or Parliament, Ordinances, Rules, Regulations, Notifications, Guidelines, Directions of Regulatory Bodies and Order of any Statutory Authority or Judicial Authority including any quasi-judicial authority, tribunal, court or such other authority under **The Punjab Cooperative Societies Act 1961**.
- 1.8 "Liabilities" means all Debts, Liabilities, Demand Deposits, Saving Bank Deposits, Term Deposits, Certificate Deposits, Time and Demand Liabilities, Rupee and Foreign Currency Borrowings, Bills Payable, Interest Accrued, Statutory Reserves, Provision and all other liabilities of DCCB's and PStCB whether or not disputed or the subject matter of any court, arbitration or other proceedings.
- 1.9 "License" means any of the licenses to carry on banking business in India issued by the Reserve Bank of India under section 22(1) of the Banking Regulation Act 1949.

1.10 “DCCB’s” means all the District Central Cooperative Banks, as licensed by RBI, situated in the State of Punjab namely:

1. **The Amritsar Central Cooperative Bank Ltd. Amritsar.**
2. **The Bathinda Central Cooperative Bank Ltd. Bathinda.**
3. **The Fazilka Central Cooperative Bank Ltd., Abohar.**
4. **The Faridkot Central Cooperative Bank Ltd., Faridkot.**
5. **The Fatehgarh Sahib Central Cooperative Bank Ltd., Sirhind.**
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19. **The Tarn Taran Central Cooperative Bank Ltd., Tarn Taran.**
20. **The SAS Nagar Central Cooperative Bank Ltd. SAS Nagar (Mohali)**

1.11 “PStCB” means The Punjab State Cooperative Bank Ltd. It is one of the amalgamating banks in the Scheme of Amalgamation.

1.12 “Members” mean the Share-holders and Nominal Members of PStCB and DCCB’s as the case may be.

1.13 “Amalgamated Entity” means The Punjab State Cooperative Bank Ltd” in which the undertaking of the Amalgamating Entities shall stand vested and transferred upon the completion of the scheme.

1.14 “Amalgamating Entities” means DCCB’s of the state.

1.15 “Parties” means PStCB and DCCB’s collectively.

1.16 “Party” means PStCB or DCCB’s as the case may be.

1.17 “Scheme” means this scheme of amalgamation and shall include any modifications or amendments made in accordance herewith and in terms of applicable law.

1.18 “Undertaking” means the entire business of DCCB’s and PStCB including without limitations of all the properties (whether moveable or immovable, tangible or intangible), all Assets, Liabilities and Legal Proceedings of and against of all DCCBs and PStCB including the assets and liabilities of the branches and offices thereof.

1.19 “Act” means the Punjab Cooperative Societies Act, 1961.

1.20 “RCS” means Registrar Cooperative Societies, Punjab Chandigarh

The Scheme of Amalgamation - Overview

This scheme shall be called the “Scheme of Amalgamation” and is intended to effect the amalgamation by transfer of assets and liabilities of DCCBs to PStCB and the same shall be applicable and binding on (i) each DCCB which passes a resolution by a simple majority of the members present and voting at the Special General Body Meeting of the members of such DCCB (on the basis of the existing provisions of the Punjab State Co-operative Societies Act, 1961) and thereby adopting accepting and approving this Scheme of Amalgamation prepared by the PStCB to the transfer of entire assets and liabilities of such DCCB, as on date of amalgamation, in whole pertain to such DCCB Bank to the PstCB; and/or (ii) such DCCB, wherein by law, this Scheme of Amalgamation is made applicable and also to effect the transfer of the entire assets and liabilities of such DCCB, as on the date of amalgamation, in whole pertain to such DCCB to the PStCB.

2. TRANSFER AND VESTING OF UNDERTAKING

2.1 With effect from the Appointed Date and upon the Scheme become effective, the entire Undertaking of DCCBs and PStCB including all its assets and liabilities of whatsoever nature shall, and pursuant to the order of the RBI sanctioning the scheme, without any further act or deed stand transferred to and/or deemed to be transferred to and vested in The Punjab State Cooperative Bank Ltd.

2.2 Transfer of Assets

Upon coming into effect of the Scheme and with effect from the Appointed Date and subject to the provision of Scheme.

(a) All Assets of DCCBs irrespective of its nature and location and owned by DCCBs and incapable of passing by physical delivery and including in particular the License and all other licenses, permits, rights, claims, leases, tenancy rights, subsidies or other benefit enjoyed by or conferred upon or held or availed of by and all rights and benefits that have accrued to DCCBs shall, under the provision of the Banking Regulation Act (AACs) 1949 and pursuant to the order of the RBI, without any further act, instrument or deed, but subject to the charges, liens, liabilities and restrictions affecting the same as on the Effective Date be and shall stand transferred to and vest in PStCB and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under law without any further act, instrument or deed and be and stand transferred to and vested in or deemed to have been transferred to and vested in PStCB, as a going concern.

- (b) "PStCB Shall continue to honour the trade arrangements and the contractual obligations that DCCBs individually or jointly *as* entered into and which exist as on the Effective date.
- (c) Investment of DCCBs with Government, Semi-Governments, Local Authority, RBI, and NABARD shall become the investments of PStCB on the existing terms and conditions as on the Effective Date.
- (d) Outstanding Loans and Advances of DCCBs shall be transferred to PStCB and the right of DCCBs to recover or realize the same stands extinguished and that such right stands transferred to PStCB. Further PStCB shall charge interest on loans and advances as per the existing terms and conditions on which DCCBs disbursed the loans and advances.
- (e) Overdraft/Cash Credit of DCCBs shall be transferred to PStCB and the right of DCCBs to recover or realize the same stands extinguished and that such right stands transferred to PStCB. Further PStCB shall charge interest on Overdraft/Cash Credit as per the existing terms and conditions, on which DCCBs has given the Overdraft/Cash Credit.
- (f) In respect of Sundry Debtors, Actionable Claim, Outstanding Loans, Advances Recoverable in cash or in kind or for value to be received the following procedure shall be followed: -
- (i) PStCB shall give a notice by a publication in a widely circulated newspaper in India to its contract counter parties, Debtors, Depositors, as the case may be, that pursuant to the order of the RBI having sanctioned the Scheme, the said debt, loan, advances etc. be paid or made good or held on account of PStCB as the person entitled thereof the end and intent that

the right of PStCB, to recover or realize the same extends extinguished and that appropriate entry should be passed in their respective books to record the aforesaid changes.

- (g) Cash Balance and Bank Balance with other Banks of DCCBs shall be transferred to PStCB and the ownership right shall also be transferred to PStCB. Balances with the bank shall appear in the books of PStCB as they appearing in the Books of DCCBs.
- (h) Any other item of Asset side of DCCBs be and shall stand transferred to and vest in and be available to PStCB and shall remain valid, effective and enforceable on the same terms and conditions and be stand transferred to and vested in or deemed to have been transferred to and vested in PStCB as a going concern.

2.3 Transfer of Liabilities

- (a) With effect from the appointed date and upon the Scheme become effective, all the Shareholder/members of DCCBs shall become the members of PStCB and the members of DCCBs shall get Equity shares in PStCB of the value which they were holding in DCCBs till the date of Amalgamation, as decided by Registrar Cooperative Societies, Punjab. While allotting new Share of PStCB in lieu of old shares of DCCBs, if the total share capital of any DCCB is not fully divisible by the face value of shares of PStCB, then fresh Share Capital will be raised from that particular member of DCCB to make it fully divisible by face value of share of PStCB. New Share Certificates of PStCB in lieu of Old Share Certificates of DCCBs, will be issued by PStCB within a timeframe of 3 months from the appointed date.
- (b) With effect from the appointed date and upon the Scheme become effective, all “Reserve Funds” including any other reserve created for

the benefit of shareholders/members of DCCBs shall become the “Reserves” of PStCB.

- (c) With effect from the Appointed date and upon the Scheme becoming effective, all the Liabilities of DCCBs shall stand transferred or deemed to be transferred to PStCB so as to become the debts, liabilities, duties, undertakings and obligations of PStCB and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangements by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provision of scheme.
- (d) With effect from Appointed Date and upon the Scheme become effective, any loans or other obligation (including any guarantees, letter of credit, or any other instrument or arrangement which may give rise to a contingent liability in whatever form), due between or amongst DCCBs and PStCB, if any, shall stand discharged and there shall be no liability in that behalf on either party.
- (e) In respect of every saving banks account or current account or any other deposit account including a fixed deposit, cash certificate, monthly deposit, special term deposit, deposit payable at call or short notice or any other deposit by whatever name called with the DCCBs, the PStCB shall open with self on the effective date of Amalgamation, a corresponding and similar account in the name of respective holder(s) thereof crediting thereto full amount including interest to the extent payable on the same terms and conditions on which the accounts of individual holder(s) appear in the DCCBs.
- (f) With effect from Appointed Date and upon the Scheme become effective, Sundry Creditors of DCCBs become the creditors of the

PStCB on the same terms and conditions on which they become the creditors of DCCBs. Liability to discharge the creditors is on the PStCB.

(g) In respect of Interest Payable on Fixed Deposit, IPDIs, LTD (Subordinated) or any other deposits whatever name called, PStCB shall be liable to pay the interest amount on the basis of existing rate of interest applicable on the date of fixed deposit by the customers with the individual DCCBs.

(h) Provision of Standard Assets, Bad & Doubtful Debt, and Overdue Interest reserve become the liability of the PStCB and the same shall appear in the books of PStCB from the effective date of Amalgamation.

3 CONTRACTS, DEEDS, ETC.

All Contracts, Deeds, bonds, agreements, guarantees, power of attorney, grants of legal representation and other instruments of whatsoever nature to which DCCBs, are a party to the benefit of which DCCBs may be eligible and which are subsisting or having effect, immediately before the Effective Date shall be in full force and effect against or in favour of PStCB as the case may be and all or any of the rights, privileges, obligations and liabilities of DCCBs shall be transferred and vest in PStCB and may be enforced as fully and effectually as if, instead of DCCBs, PStCB had been a party, beneficiary or obligator thereto.

4 LEGAL PROCEEDINGS

If on the effective date and upon the scheme becoming effective, any suit, appeal, or other proceedings of whatsoever nature in relation to

any of the DCCBs are pending by, or against the DCCBs the same shall not be abated/discontinued, or be any way prejudicially affected by the reason of the transfer of the undertaking of the DCCBs but the suit, appeal or other proceedings may be continued, prosecuted and enforced by, or against the PStCB.

5 EMPLOYEES

- (a) All the Employees of DCCBs, in the service on the Effective Date shall become the employees of PStCB on such date without any break or interruption in service, at the same remuneration and on the same terms and conditions of service, which they were getting as the case may be by which they were governed immediately before the effective date of Amalgamation.
- (b) The inter-se-seniority of officers and employees directly recruited and /or promoted to be decided by the Committee constituted by PStCB.
- (c) PStCB shall have the power to post the employees in the interest of the bank and public as a whole anywhere in the entire area of operation of the Bank.
- (d) It is expressly provided that, the provident fund, superannuation fund or any other fund created or existing for the benefit of the employees of DCCBs, on and from the Effective Date shall stand transferred to PStCB. The PStCB shall stand substituted for DCCBs for all purpose whatsoever relating to the administration or operation of such fund in relation to obligations to make contribution to the said fund in accordance with the provision of such fund as per the terms provided in the respective trust deeds or other document to the end and

intent that all rights, duties, powers, and obligations of DCCBs in relation to such fund or schemes shall become those of PStCB. It is clarified that the service of the Employees of DCCBs will be treated as having been continued for the purpose of the aforesaid fund or provisions.

- (e) Gratuity, leave encashment and other retirement benefits shall be payable by the PStCB to the Employees of DCCBs as per the existing scheme or provision as applicable to DCCBs employees.

6 CONDUCT OF BUSINESS AND AREA OF OPERATION

Upon the Scheme becoming effective, from the Appointed Date, and until and including the Effective Date.

- (a) DCCBs shall be deemed to have carried on all its business and activities and shall be deemed to have held and been in possession of and shall hold and be in possession of all the assets for and on account of and in trust for PStCB, and
- (b) All profits and incomes accruing or arising to DCCBs or expenditure or losses arising or incurred (including the effect of taxes, if any, thereon) by DCCBs shall, for all purpose, be treated and deemed to be accrue as the profits or incomes or expenditure or losses or taxes, as the case may be, of PStCB.
- (c) Area of operation of PStCB is the entire State of Punjab including Union Territory of Chandigarh.

7 INTEREST PAID AND INTEREST RECEIVED

Upon the Scheme becoming effective, from the Appointed Date, and until and including the Effective Date.

- (a) Interest paid by the DCCBs on Saving Bank Account, Various deposit accounts shall be paid or payable as the condition may be by the PStCB on the rate of interest, same terms and conditions or provisions as fixed by the DCCBs on the date of opening of account or as on the date of investment by customers as the case may be.
- (b) PStCB shall pay interest on deposits of DCCBs, at the rate of interest for a particular slab for which the deposit remained with PStCB, till the date of amalgamation.
- (c) PStCB shall receive interest on deposit, investment of DCCBs with other Banks, Governments, or with any other body as per the existing terms and conditions on which DCCBs entered into.

8 ACCOUNTING TREATMENT

Upon the Scheme becoming effective and from the Appointed Date:

- (a) All the Assets and Liabilities recorded in the books of DCCBs shall be transferred to and vested in PStCB pursuant to the Scheme and shall be recorded by PStCB at their respective Book values (except Share money) as appearing in the books of DCCBs.
- (b) The balance in “Statutory Reserve Account” and other Reserves of DCCBs shall continue to be designated as Statutory Reserve Account and other Reserves, as the case may be, in the books of PStCB.
- (c) PStCB shall ascertain the differences between Personal ledger balance and General Ledger balance of all types of accounts as appearing in the books of DCCBs. If any difference found between Personal Ledger and General Ledger appearing in the Books of DCCBs

which may be gain or loss to DCCBs shall be met out by the Government of Punjab as decided by the State Government.

(d) Consequent upon the Amalgamation of accounts of all DCCBs with PStCB, if it results in loss in the books of PStCB, the same shall be met by the State Government Contribution by way of cleansing of balance sheet.

9 MODIFICATIONS, AMENDMENTS, AND WITHDRAWAL

PStCB and DCCBs may pending, sanction of the Scheme by RBI make or assent, from time to time, on behalf of all persons concerned to any modifications or amendments to the Scheme or to any conditions or limitations which the RBI or any other relevant or concerned authority under Law may direct or impose or which may otherwise be considered necessary, and may do and execute all acts, deeds, matters, and things necessary for putting the Scheme into effect, or for the purpose of better structuring and effective implementation of the Scheme.

10. Miscellaneous

- a. Amalgamation of the Transferor Banks with the Transferee Bank is proposed to be completed in a time bound manner. The activities such as transfer of assets and liabilities including HR Integrations shall be completed in six months to one year from the Date of Amalgamation.
- b. Registrar of Cooperative Societies shall have the power to settle disputes if any arising out of or relating to this Scheme of Amalgamation in consultation and concurrence with the Government/RBI.

- c. Other aspects, if any, which is not specifically provided for in the Scheme of Amalgamation shall be referred to RCS/Government/RBI for appropriate actions/decisions and the decision of RCS/Government/RBI shall be final and binding on all the Transferor Banks and the Transferee Bank.