

**SCHEME OF AMALGAMATION**

**BETWEEN**

**SASKEN NETWORK ENGINEERING LIMITED**  
**(Transferor Company)**

**AND**

**SASKEN COMMUNICATION TECHNOLOGIES LIMITED**  
**(Transferee Company)**

Under Sections 391 to 394 of the Companies Act, 1956

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This Scheme of Amalgamation is presented pursuant to the provision of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 including the applicable provisions of the Companies Act, 2013, for amalgamation of Sasken Network Engineering Limited with Sasken Communication Technologies Limited.

This Scheme is divided into the following parts:

- (i) **Part A** - dealing with introduction and definitions;
- (ii) **Part B** - dealing with the amalgamation of Sasken Network Engineering Limited with Sasken Communication Technologies Limited; and
- (iii) **Part C** - dealing with general terms and conditions that will be applicable to Part B.

## PART A

### INTRODUCTION:

**Sasken Network Engineering Limited (“SNEL”)**, a company incorporated under the Companies Act, 1956 in the State of Karnataka under Registration No.U64202KA2004PLC034773 dated September 29, 2004, is *inter-alia* engaged in the business of Installation, Commissioning, Re-deployment, Managed Services, RF Planning, Drive Testing, Optimization and Benchmarking of wireless networks.

Sasken Network Engineering Limited is a wholly owned subsidiary of Sasken Communication Technologies Limited.

**Sasken Communication Technologies Limited (“SCTL”)**, a company incorporated under the Companies Act, 1956, is *inter-alia* engaged in the business of developing embedded communication software for companies across the communication value chain - Semiconductor Vendors, Network Equipment Manufacturers (NEMs), Terminal Device Vendors and Operators.

SCTL is listed both on BSE Ltd. and National Stock Exchange of India Ltd.

**SNEL** which is a wholly owned subsidiary of **SCTL**, was formed to provide among other things, networking and engineering services in the field of Telecom as well as to provide maintenance training and RF engineering services for mobile operators, internet service providers, satellite services, radio paging and other telecommunication services. Further, SCTL was originally incorporated on February 13, 1989 under the name and style “**Asic Technologies Private Limited**” under the provisions of the Companies Act, 1956. The name of the Transferee Company was changed from “**Asic Technologies Private Limited**” to “**Silicon Automation Systems (India) Private Limited**” and consequently a fresh certificate of incorporation consequent on change of name was issued to the Transferee Company on October 13, 1992. The registered office of the SCTL was shifted from the State of Gujarat to the State of Karnataka pursuant to the Order dated February 24, 1993 passed by the Hon’ble Company Law Board, Western Region Bench, Bombay and said Order was registered by the Registrar of Companies, Karnataka and a certificate of registration of change of registered office was issued to SCTL by the Registrar of Companies, Karnataka on April 20, 1993.

Thereafter, the Transferee Company which was initially a private limited company became a deemed public limited company, under the provisions of Section 43-A (2) with effect from June 30, 1998. Subsequently, the Transferee Company changed its name from “**Silicon Automation Systems (India) Private Limited**” to “**Silicon Automation Systems Limited**” and consequently a fresh certificate of incorporation on change of name was issued to SCTL on December 30, 1998. Pursuant

to this, the Transferee Company again changed its name from “**Silicon Automation Systems Limited**” to “**Sasken Communication Technologies Limited**” and consequently a fresh certificate of incorporation on change of name was issued to SCTL on October 17, 2000 (Registration No.L72100KA1989PLC014226).

**Rationale and purpose of the Scheme:**

SCTL’s core business focus has been delivering solutions for embedded communications systems. SCTL serves customers across the entire communications value chain and helps them accelerate product development life cycles. About a decade back, SCTL identified a niche area to extend its core capabilities to include areas such as Network Engineering, Network Performance and allied Technical Services. As these areas were complimentary to that of SCTL, but required focused efforts to build competencies to win and execute business, SCTL established a 100% subsidiary that was entirely focussed on this segment.

SCTL is considering engaging in broadening its market focus and address the growing need for next generation IT Services. The proliferation of technologies such as social media, mobility, analytics and cloud has necessitated major changes in the IT Infrastructure and Services of any modern day enterprise. The pervasive nature of mobility and SCTL’s strengths in the area makes the next generation IT services market attractive for SCTL. The merging of SNEL with SCTL will provide the right impetus to address the Infrastructure Services Management, which is one of the fastest growing segments in the IT Industry. The amalgamation will make it possible to achieve economies in scale as the IT Services areas as customer acquisition and fulfilment functions can jointly address the market more effectively. The provision of SCTL’s existing services combined with IT Services will also be more attractive to customers if they are delivered by one entity as it simplifies contracting and vendor management for the customers.

As a consequence of this amalgamation and corporate re-structuring, both the companies would have greater potential to develop and further grow and diversify with better optimization of funds and efficient utilization of resources. This would also simplify management structure leading to better administration and a reduction in costs from more focused operational efforts, rationalization, standardization and simplification of business processes.

In order to obtain the benefits of consolidated business, SNEL is sought to be amalgamated with SCTL.

The Board of Directors of the respective Companies earnestly hope that the proposed amalgamation would enure to the benefit of all the shareholders of the respective Companies including the creditors and employees of these companies.

## 1. DEFINITIONS:

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

1.1 “**Act**” means the Companies Act, 1956 or any statutory modification or re-enactment thereof and includes the applicable provisions of the Companies Act, 2013 and applicable Rules made thereunder to the extent notified.

1.2 “**Assets**” means all the business, undertakings, estates, assets, properties, rights, titles and interests of whatsoever nature and kind and wheresoever situated (in India or abroad), of the Transferor Company as on the Appointed Date and thereafter, including but not limited to:

i. all assets, properties, whether moveable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present, future or contingent of whatever nature and wheresoever situated, free hold or lease hold, fixed or current, including capital works in progress, computers, servers & telecommunication equipment, computer hardware, software and programmes, plant & machinery, testing and laboratory equipment, office equipment, furniture & fixtures, licenses, vehicles, sundry debtors, cash & bank balances, loans & advances, prepayments, gratuity plan assets, deposits, buildings, godowns, warehouses, offices, inventories, bills of exchange, peripherals and accessories, other receivables, service tax refund receivable, CENVAT credit, Central Excise Duty, & Countervailing duty of Customs, VAT/GST credits, deferred tax, fringe benefit tax, advance tax, disputed tax deposited either voluntarily or by the order of any regulatory/appellate authority/Courts and other future tax input credits, including credits on account of tax deducted at source, minimum alternate tax, brought forward tax losses, goodwill, investment in shares, other investments, debentures, bonds, mutual funds, etc.

ii. all the registrations, permits, quotas, rights, entitlements, industrial and other licenses, software licenses, concessions, exemptions, sub-leases, no-objection certificates and certifications, incentives, reserves, deposits, provisions, funds, subsidies, grants, approvals, authorisations, consents, tenancies, roof rights, trademarks, service marks, patents, copyrights, all intellectual property rights and licenses thereunder, know-how, technical know-how, permits, designs, patterns, inventions, leasehold rights, leases, tenancy rights privileges, trade names, domain names, descriptions, trading style, franchises, labels, label designs, color schemes, utility models, holograms, bar codes, all other rights, benefits and entitlements including sales tax deferrals and other benefits, lease rights (including the benefit of any applications made thereof), powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile

connections, e-mail connections, communication facilities and installations, utilities, electricity and other services, benefits of all agreements, contracts and arrangements including lease rights, benefits under letter of credit, guarantees, letters of comfort etc. issued for the benefit of the Transferor Company, benefits under government schemes, deferred tax benefits and other benefits accruing on account of past expenditure and all such other interests/benefits;

- iii. all earnest moneys and/or security deposits;
- iv. all insurance policies; and
- v. all records, files, papers, engineering and process information, manuals, data, catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit information, customer pricing information and all other records pertaining to business.

- 1.3 **“Appointed Date”** means April 1, 2015 or such other date as the High Court may direct.
- 1.4 **“The Board”** means the Board of Directors of the respective Companies and includes any Committee thereof.
- 1.5 **“Companies”** means the Transferor Company and the Transferee Company, collectively.
- 1.6 **“Court”** means the Hon’ble High Court of Karnataka at Bangalore to which this Scheme of Amalgamation in its present form is submitted for sanctioning of the Scheme under Sections 391 to 394 of the Act, and shall include National Company Law Tribunal, as may be applicable.
- 1.7 **“Effective Date”** means the date on which the last of the approvals/events specified in Clause 18 of the Scheme are obtained/have occurred. References in this Scheme to the “date of coming into effect of this Scheme” or “date of coming into effect of the Scheme” shall mean the Effective Date.
- 1.8 **“Employee/s”** means the staff, workmen and employees on the payrolls of the Transferor Company including the employees and associates deputed to work with customers of the Transferor Company.
- 1.9 **“Liabilities”** means all the debts, secured and unsecured loans, all liabilities, present or future (including deferred tax liabilities and contingent liabilities), responsibilities, guarantees, obligations, provisions and duties of the Transferor Company, including all obligations of whatsoever kind including liabilities for payment of gratuity, leave, provident

fund, professional tax, sales tax, service tax, other statutory dues, employee stock purchase plan deductions and inter-company payables as on the Appointed Date and thereafter;

- 1.10 “Shareholders” means the persons registered as holders of equity shares of the Company concerned.
- 1.11 “Scheme” or “the Scheme” or “this Scheme” means this Scheme of Amalgamation in its present form or with any modification(s) approved or directed by the shareholders in general meetings and / or of the High Court of Karnataka pursuant to Clause 17 of the Scheme.
- 1.12 “Transferor Company” means “Sasken Network Engineering Limited” (SNEL) a company incorporated under the provisions of the Act and having its registered office at 139/25, Domlur Ring Road, Domlur, Bangalore 560 071.
- 1.13 “Transferee Company” means “Sasken Communication Technologies Limited” (SCTL) a company incorporated under the provisions of the Act and having its registered office at 139/25, Domlur Ring Road, Domlur, Bangalore 560 071.

## PART B

### 2. DATE OF TAKING EFFECT AND OPERATIVE DATE

- 2.1 The Scheme set out herein in its present form or with any modification(s) and amendment(s) made under Clause 17 of the Scheme shall be effective from the Appointed Date but shall be operative from the Effective Date and the Assets and Liabilities of the Transferor Company shall without any act or deed be and stand transferred to and vested in the Transferee Company, pursuant to Sections 391 and 394 of the Act subject to all charges, liens, mortgages, etc if any, then effecting the same or any part thereof.

### 3. SHARE CAPITAL

- 3.1 Based on the latest audited balance sheet as on March 31, 2015, the share capital of the Transferor Company is as under:

Authorised Capital	Amount (Rs.)
50,00,000 Equity Shares of Rs.10/- each	5,00,00,000
Issued, Subscribed & Paid-up Capital	
30,50,000 Equity Shares of Rs.10/- each fully paid up	3,05,00,000

There is no change in the capital structure of the Transferor Company after March 31, 2015 till the date of this Scheme being approved by its Board.

- 3.2 Based on the latest audited balance sheet as on March 31, 2015, the share capital of the Transferee Company is as under:

<b>Authorised Capital</b>	<b>Amount (Rs.)</b>
5,00,00,000 Equity Shares of Rs.10/- each	50,00,00,000
<b>Issued, Subscribed &amp; Paid-up Capital</b>	
2,13,44,873 Equity Shares of Rs.10/-each fully paid up	21,34,48,730

Subsequent to March 31, 2015, the Transferee Company has issued 13,500 equity shares of Rs.10 each fully paid up on June 9, 2015. The Transferee Company had also bought back 36,56,560 equity shares of Rs.10 each at a price of Rs.260 per share during the period August 10, 2015 and August 24, 2015 pursuant to Section 68 of the Act and Securities & Exchange Board of India (Buy-back of Securities) Regulations, 1998 and extinguished those shares as of September 4, 2015. The revised share capital of the Transferee Company is as under (as of September 4, 2015).

<b>Authorised Capital</b>	<b>Amount (Rs.)</b>
5,00,00,000 Equity Shares of Rs.10/- each	50,00,00,000
<b>Issued, Subscribed &amp; Paid-up Capital</b>	
1,77,01,813 Equity Shares of Rs.10/-each fully paid up	17,70,18,130

#### **4. TRANSFER AND VESTING**

- 4.1 Upon the Effective Date and with effect from the Appointed Date and subject to the provisions of this Scheme, all Assets and Liabilities shall, pursuant to Section 391 to 394 of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company as a going concern, subject, however, to all charges, liens, mortgages, if any, then affecting the same or any part thereof.
- 4.2 Without prejudice to the generality of the above, upon the Effective Date and with effect from the Appointed Date:
- i. All Assets shall, without any further act, instrument or deed and pursuant to Section 391 to 394 of the Act be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company on a going concern basis, so as to become the business, undertaking, estate, assets, properties, right, title and interest

of the Transferee Company but subject to all charges, liens, mortgages, if any, then affecting the same or part thereof;

- ii. All Liabilities shall also stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company on a going concern basis, without any further act or deed so as to become the liabilities, debts, duties, obligations, dues, loans and responsibilities of the Transferee Company on the same terms and conditions as was applicable to the Transferor Company. It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, loans, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Scheme;

PROVIDED ALWAYS THAT this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company which shall vest in the Transferee Company, by virtue of this Scheme and the Transferee Company shall not be obliged to create any further or additional security therefore after this Scheme has become effective or otherwise;

- iii. In respect of the Assets that are movable in nature or are otherwise capable of transfer by delivery or by endorsement and delivery including sundry debtors, outstanding loans and advances, bank balances and deposits shall stand transferred without requiring any further deed or instrument of conveyance for transfer of the same, and shall become property of the Transferee Company;
- iv. All immovable properties and rights and interests in immovable properties of the Transferor Company, whether freehold or leasehold or otherwise, all tenancies, and all documents of title, rights and easements in relation thereto shall stand transferred to and be vested in and transferred to and/or be deemed to have been and stand transferred to and vested in the Transferee Company, without any further act or deed done by the Transferor Company and/or the Transferee Company. The Transferee Company shall be entitled to and exercise all rights and privileges attached thereto and shall be liable to pay the ground rent, taxes and to fulfill all obligations in relation to or applicable to such immovable properties. The relevant authorities shall grant all clearances/permissions, if any, required for enabling the Transferee Company to absolutely own and enjoy the immovable properties in accordance with law. The substitution of the title to the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of this Scheme by the Court in accordance with the terms hereof;



- v. In respect of such of Assets other than those referred to in sub-clause (iii) above, the same shall, as more particularly provided in sub-clause (i) above, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company on and from the Appointed Date;
- vi. Any statutory and other licenses, registrations, permissions, exemptions, approvals or consents issued to carry on the operations including quality certifications of the Transferor Company shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory and other authorities concerned in favour of the Transferee Company upon the Scheme becoming effective. The benefit of all such statutory and regulatory permissions, licenses, environmental approvals and consents, tax registrations, customs authorities, service tax authorities or other licenses, exemptions, permissions and consents shall vest in and become available to the Transferee Company pursuant to this Scheme;
- vii. All approvals, quotas, rights, entitlements, licenses including those relating to trademarks, patents, copyrights, privileges, powers, facilities letter of allotments, of every kind and description of whatsoever nature in relation to the Transferor Company to which the Transferor Company, is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be and remain in full force and effect in favor of or against the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or oblige thereto and the same shall be appropriately granted/mutated/recorded by the statutory authorities concerned therewith in favor of the Transferee Company upon the vesting and transfer of the Assets and Liabilities as the case may be, pursuant to this Scheme;
- viii. The Transferee Company, at any time after the Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company is a party in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company;
- ix. All the benefits under the various incentive schemes and policies that the Transferor Company is entitled to, in relation to their operations, specifically but not limited to

the Software Technology Parks of India (STPI) granted to the Transferor Company shall upon the Scheme becoming effective and with effect from the Appointed Date be transferred to and vest in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever, shall be claimed by the Transferee Company and these shall relate back to the Appointed Date as if the Transferee Company was originally entitled to all benefits under such incentive scheme and/or policies; and

- x. Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorizations, shall stand vested by the order of sanction of the Court in the Transferee Company, the Transferee Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, upon the Scheme becoming effective.

## **5. EMPLOYEES OF THE TRANSFEROR COMPANY**

5.1 On the Scheme becoming effective, all Employees who are in service on the date immediately preceding the Effective Date shall become employees of the Transferee Company, and their employment with the Transferee Company shall be on the following terms and conditions:

- i. The Employees shall become employees of the Transferee Company without any break or interruption in service and terms and conditions of service applicable to such Employees shall not be less favorable than those applicable to them respectively prior to the Effective Date. Services of all Employees with the Transferor Company upto the Effective Date shall be taken into account for purposes of all retirement and other defined benefits for which they may be eligible. The Transferee Company further agrees that for the purposes of payment of any retrenchment compensation, gratuity and other terminal benefits such past services with the Transferor Company shall also be taken into account;
- ii. Specifically, the services of such Employees shall not be treated as having been broken or interrupted for the purposes of Provident Fund or Gratuity or Superannuation or statutory purposes or otherwise and for all purposes will be reckoned from the date of their respective appointments with the Transferor Company;
- iii. It is expressly provided that, on the Effective Date, the provident fund, gratuity fund or any other special fund or trusts created or existing for the benefit of the Employees shall be transferred to and shall get consolidated with the corresponding funds of the Transferee Company subject to complying with all regulatory/legal requirements/approvals under any law. The Transferee Company shall have the

obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such fund or funds shall become those of the Transferee Company. It is clarified that the services of the Employees will be treated as having been continuous for the purpose of the said fund or funds. From the date of acceptance of the Scheme by the respective Board of Directors of the Transferor Company and the Transferee Company, the Transferor Company shall not vary the terms and conditions of employment of its employees except in the ordinary course of business; and

Notwithstanding the above, the Board of Directors of the Transferee Company, if it deems fit and subject to applicable laws, shall be entitled to retain separate trusts within the Transferee Company for the erstwhile fund(s) of the Transferor Company.

## **6. LEGAL PROCEEDINGS**

- 6.1 Upon the coming into effect of this Scheme, all suits, appeals, writ petition, revisions, claims, actions and other legal proceedings then pending by or against the Transferor Company pending and/or arising on or before the Effective Date shall thereafter be continued and be enforced by or against the Transferee Company as effectually as if the same had been pending and/or arising by or against the Transferee Company.
- 6.2 The Transferee Company undertakes to have accepted on behalf of itself, all suits, appeals, claims, actions and legal proceedings initiated by or against the Transferor Company referred to in sub-clause (6.1) transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company.

## **7. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENT**

Subject to the other provisions contained in this Scheme, all contracts, business/asset purchase agreements, memoranda of undertakings, memoranda of agreement, memoranda of agreed points, letters of agreed points, arrangements, undertakings whether written or otherwise, lease rights, deeds, bonds, other agreements, insurance policies, applications and instruments of whatsoever nature to which any of the Transferor Company is a party and having effect immediately before the Effective Date, shall remain in full force and effect in favor of and/or against the Transferee Company and may be enforced fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto. Upon the Scheme becoming effective, all such agreements shall be deemed to have been executed by the Transferee Company from the Appointed Date and the Transferee Company

shall be entitled to exercise all such rights as were vested with the Transferor Company under such agreements;

**8. OPERATIVE DATE OF THE SCHEME:**

The Scheme set out herein in its present form with or without any modifications(s) approved or imposed or directed by the High Court or made as per Clause 17 of the Scheme, shall be effective from the Appointed Date but shall become operative from the Effective Date.

**9. CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE**

With effect from the Appointed Date and upto the Effective Date:

- 9.1 Transferor Company shall carry on, and be deemed to have carried on their business, operations or activities, and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets, properties or liabilities on behalf of and / or in trust for the Transferee Company.
- 9.2 All profits or income accruing or arising to the Transferor Company, or losses arising or expenditure incurred by them, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure, as the case may be, of the Transferee Company.
- 9.3 All assets howsoever acquired by the Transferor Company for carrying on its business, operations or activities and the liabilities relating thereto shall be deemed to have been acquired and are also contracted for and on behalf of the Transferee Company.
- 9.4 The Transferee Company shall also be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, department and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, relieves, etc., as may be required / granted under any law for the time being in force for carrying on business of the Transferor Company.
- 9.5 Transferor Company shall carry on its business, operations or activities with reasonable diligence and business prudence and in the same manner as they had been doing hitherto and can expand any new businesses, alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof in the ordinary course of business without the prior consent of the Transferee Company.
- 9.6 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent the Transferee Company and the Transferor Company from declaring and paying dividends, whether interim or final, to their respective Shareholders.

It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company and / or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Board of Directors of the Transferor Company and the Transferee Company and subject, wherever necessary, to the approval of the Shareholders of the Transferor Company and the Transferee Company, respectively.

- 9.7 Without prejudice to the above, the Transferor Company from the date of filing this Scheme with the Court up to the Effective Date shall not make any change in their capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares or otherwise) decrease, reduction, reclassification, sub-division or consolidation, reorganisation, except under any of the following circumstances:
- i. By mutual consent of the respective Board of Directors of the Companies; or
  - ii. By way of any obligation already subsisting as on the date of filing this Scheme with the Court.
- 9.8 The Transferor Company, shall not, without the written consent of the Transferee Company, undertake any new business.
- 9.9 The Transferor Company, shall not vary the terms and conditions of the employment of their employees except in the ordinary course of business.
- 9.10 The Transferor Company shall pay all its statutory dues.
- 9.11 The transfer of assets, properties or liabilities and the continuance of proceedings by or against the Transferor Company shall not affect any transaction or proceedings already concluded by the Transferor Company on or after the Appointed Date to the end and intent that the Transferee Company accepts and adopts all acts, deeds, things done and executed by the Transferor Company, in regard thereto as done executed by the Transferee Company on behalf of itself.
- 9.12 The Transferee Company and the Transferor Company shall also be entitled to make an application for amending, cancelling or obtaining fresh registrations, as the case may be, under all applicable laws and legislations. The Transferee Company and Transferor Company would be entitled to make an application for amending licenses/ authorisations [including

but not limited to license/ authorization obtained under the Software Technologies Parks of India (STPI) Scheme].

## **10. ACCOUNTING TREATMENT**

10.1 On the Scheme becoming effective, the Transferee Company shall account for the amalgamation in accordance with the 'pooling of interest' method referred to in Accounting Standard - 14, issued by the Institute of Chartered Accountants of India.

10.2 Upon coming into effect of this Scheme, to the extent that there are inter-company loans, advances, deposits, balances or other obligations as between the Transferor Company and Transferee Company, the obligation in respect thereof will come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities as the case may be and there would be accrual of interest or any other charges in respect of such inter-company loans, deposits or balances, with effect from the Appointed Date.

10.3 In case of any difference in accounting policy between the Transferor Company and the Transferee Company, the accounting policy followed by the Transferee Company shall prevail and the difference till the Appointed Date will be quantified and adjusted in accordance with the applicable Accounting Standards.

## **11. TAX TREATMENT**

11.1 Any tax liabilities and rights or benefits under the Income-tax Act, 1961, Wealth Tax Act, 1957, Customs Act, 1962, Central Excise Act, 1944, Central Sales Tax Act, 1956, any other State Sales Tax / Value Added Tax laws, Service Tax, stamp laws as amended from time to time 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 Company to the extent not provided for or covered by tax provision in the Accounts made as on the date immediately preceding the Transfer Date shall be transferred to Transferee Company.

11.2 All taxes (including income tax, wealth tax, sales tax, excise duty, customs duty, service tax, VAT, etc.) paid or payable by the Transferor Company 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, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, disputed tax deposited either voluntarily or by the order of any regulatory/appellate authority/Courts by the Transferor Company 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.

11.3 Any refund under the Tax Laws received by / due to Transferor Company consequent to the assessments made on Transferor Company subsequent to the Appointed Date 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.

11.4 Without prejudice to the generality of the above, all benefits including under the income tax, sales tax, excise duty, customs duty, service tax, VAT, etc., to which the Transferor Company 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.

## **12. CANCELLATION OF SHARES OF THE TRANSFEROR COMPANY**

12.1 The Transferor Company is a wholly owned subsidiary of the Transferee Company and the Transferee Company along with nominee shareholders hold all the shares issued by the Transferor Company. On the amalgamation of the Transferor Company with the Transferee Company, no shares of the Transferee Company shall be issued or allotted in respect of the holding of the Transferee Company in the Transferor Company.

12.2 In consideration of the transfer and vesting of the Assets and Liabilities pursuant to this Scheme of Amalgamation of the Transferor Company with the Transferee Company, the entire share capital of the Transferor Company held by the Transferee Company along with the nominee shareholders shall stand cancelled without any further Act, application or deed.

## **13. INCREASE IN AUTHORISED SHARE CAPITAL OF THE TRANSFEE COMPANY**

13.1 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 aggregated and enhanced by the authorised share capital of the Transferor Company being Rs. 5,00,00,000 (Rupees five crores only), without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and fees payable to the registrar of companies and the Memorandum of Association and Articles of Association of the Transferee Company 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 purpose of effecting this amendment, and no further resolution(s) under Section 13, Section 14, Section 61 or any other applicable provisions of the Companies Act, 2013, shall be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Transferor Company on its authorised share capital shall be utilised

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.

It is further clarified that the approval of the members of Transferee Company to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum of Association and Articles of Association of Transferee Company as may be required under the Act.

- 13.2 Consequent upon the amalgamation, the authorised share capital of the Transferee Company will be as under:

<b>Authorised Capital</b>	<b>Amount (Rs.)</b>
5,50,00,000 Equity Shares of Rs.10/- each	55,00,00,000
<b>Total</b>	<b>55,00,00,000</b>

- 13.3 Clause V of the Memorandum of Association of the Transferee Company stands amended as follows:

*“The Authorised Share Capital of the Transferee Company is Rs. 55,00,00,000/- (Rupees Fifty Five Crores) comprising of 5,50,00,000 (Five Crore Fifty lakhs) Equity Shares of Rs.10/- each.”*

#### **14. WINDING UP**

Upon this Scheme becoming effective, without any further act or deed the Transferor Company shall be dissolved without winding up.

#### **15. APPLICATION TO THE COURT OR SUCH OTHER COMPETENT AUTHORITY**

The Transferor Company being a wholly owned subsidiary of the Transferee Company, the Transferor Company shall alone, with all reasonable dispatch, make applications/petitions under Section 391 to 394 and other applicable provisions of the Act to the Court for seeking sanction of this Scheme and for dissolution of the Transferor Company without winding up under the provisions of the Act.



## PART C

### **16. VALIDITY OF EXISTING RESOLUTIONS, ETC.**

Upon the coming into effect of the Scheme, the resolutions of the Transferor Company as are considered necessary by the Board of Directors of the Transferee Company which are validly subsisting be considered as resolutions of the Transferee Company. If any such resolutions have any monetary limits approved under the provisions of the Act or of any other applicable statutory provisions, then the said limits, as are considered necessary by the Board of Directors of the Transferee Company, shall be added to the limits, if any, under the like resolutions passed by the Transferee Company.

### **17. MODIFICATIONS / AMENDMENTS TO THE SCHEME**

17.1 If any Part of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such Part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme, including but not limited to such Part.

17.2 Transferor Company and Transferee Company represented by their respective Board of Directors, may make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors) and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.

17.3 The Transferor Company and the Transferee Company shall be at liberty to withdraw from this Scheme, in case of any condition or alteration imposed by the Court or any other authority or any bank or financial institution is unacceptable to them or otherwise if so mutually agreed.

17.4 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between Transferee Company and the Transferor Company and their respective Shareholders and the terms and conditions of this Scheme, the latter shall prevail.

17.5 Transferor Company and/or Transferee Company by their respective Board of Directors shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or order of any other authority or otherwise however arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

#### **18. CONDITIONALITY OF THE SCHEME**

This Scheme is conditional upon the following approvals/events and the Scheme shall be deemed to be effective on obtaining the last of the approvals and the occurrence of the last of the following events:

- i. The approval by the requisite majorities of the members and creditors (where applicable) of the Transferor Company as required under applicable law or as directed by the Court;
- ii. The sanction of the Scheme by the Court under section 391 to 394 of the Act or any amendments thereto and other applicable rules and regulations as the case may be; and
- iii. The certified/authenticated copies of the orders of the Court sanctioning the Scheme being filed with the Registrar of Companies, Karnataka, along with the requisite form.

#### **19. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS**

In the event of any of the said sanctions approvals not being obtained and/or the Scheme not being sanctioned by the Court or before December 31, 2016 or within such further periods or period as may be agreed upon by and between the Transferor Company and the Transferee Company (through their respective Boards of Directors), this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

#### **20. COST, CHARGES AND EXPENSES**

All costs, charges, fees, taxes including duties (including the stamp duty and/or transfer charges, if any, applicable in relation to this Scheme), levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing the terms and conditions of this Scheme and matters incidental thereto shall be borne and paid by Transferee Company.

## 21. MISCELLANEOUS

- 21.1 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between Transferee Company and the Transferor Company and their respective Shareholders and the terms and conditions of this Scheme, the latter shall prevail.
- 21.2 If any part of this Scheme hereof is invalid, ruled illegal by the Court, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme.
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