SCHEME OF ARRANGEMENT

BETWEEN

CES LIMITED

(CIN L55100TG1985PLC045963)

(Demerged Company)

AND

CES TECHNOLOGY SERVICESPRIVATE LIMITED

(CIN U72200TG2010PTC067406)

(Resulting Company)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

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

PREAMBLE

(A) **CES LIMITED** ("**Demerged Company**"), a publicly listed Company having its equity shares listed on BSE Limited, has its registered office at Seventh Floor, Tower- A, Ramky Selenium Building, Plot No.31& 32, Nanakramguda, Gachibowli, Hyderabad - 500032, Telangana, having Corporate Identification Number L55100TG1985PLC045963. Demerged Company is engaged into business of:

1. To carry on the business of exporters, importers, retailers, merchants, buyers, sellers, brokers, buying agents, selling agents, packers, re-packers, commission agents, factors, distributors, stockists, agents, traders and suppliers of an dealers in all classes and kinds of all or any chemicals (organic and/or inorganic, fire or heavy, their mixtures and formulation) its intermediates, pesticides and insecticides of all kinds including its formulations, jute, jute goods, jute cuttings, jut rejections, cotton, yarn wool, silk, handicraft, liax, hemp; rayon, nylon and other fibrous materials and manmade fibres, textile fabrics, ready-garments, food-grains, food-products, vegetable products, iron, steel, cement, paper, paper board, news print, straw board, hard board, tea, coffee, manures, fertilizers, electrical

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goods, sugar, sugarcane, molasses, plant and machinery, vehicles and other automobile spare parts, tractors and other agricultural implements, tyres, tubes, tyre cord sheets, rubber and rubber products, plastics and plastic products, leather products, foot wear, hides, skins, metals and minerals and all other goods made thereof, therefrom, electricals, chemicals, photographical, surgical and scientific equipment, instruments, goods and materials, corials, drugs linings, essence and pharmaceuticals, mineral and other water paints, pigments and varnishes, compounds, dye stuff, organic or mineral intermediates, paint and colour grinders, oxygen, hydrogen, nitrogen, carbonic acid, acetylene dissolved or otherwise and any other gasses or any compounds or by-products thereof; engines; electrodes; transformers; gas cylinders, containers, compressors, welding machines and other apparatuses and machinery to be used for or in connection with the consumption of gases directly or indirectly, proprietary articles of all kinds and for which generally to carry on business of merchants, traders, dealers, export houses of any goods, commodities and merchandise of any other description whatsoever as are incidental or conducive to the carrying on of all such business in India or abroad.

2. To manufacture either for its own use or for sale in India or for export outside India computer systems, computer peripherals and accessories, microchips, computer consumables like floppy disks/diskettes, hard disks, ribbons, continuous and non-continuous stationary etc., and such other products or things which may be considered either as integral part of a computer system or as an optional attachment or supplement thereto.

3. To undertake the designing and development of systems and application software either for its own use or sale in India or for export outside India and to design and develop such system and application software for or on behalf of manufacturers, owners and users of computer systems and digital/electronic equipment, in India or elsewhere in the world and to undertake consultancy service related to preparation and maintenance of accounting, statistical, scientific or mathematical information and reports, data processing, preparing or editing, storing, processing, transmitting and analysing informatics and data of every kind and description, systems

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analysis and machine service for solving or aiding commerce, industry, scientific and research problems and for all related businesses.

4. To set up electronic data processing centres and to carry on the business of data processing, work processing, software consultancy, systems studies, management consultancy, techno-economic feasibility studies of projects, design and development of management information systems, registrars to the issue, share/debenture issues management and/or registration and share/debenture transfer agency.

5. To undertake the business as agents, stockists, distributors, franchisee holders or otherwise for trading or dealing in computer systems, peripherals, accessories, parts and computer consumables like floppy disks, hard disks, continuous and non-continuous stationary, ribbons and other allied products and things, standard software packages and to undertake and execute feasibility studies for computerization, setting up of all kinds of computer systems and digital/electronic equipment and the selection, acquisition and installation thereof whether for the company or its customers or other users.

6. To conduct, sponsor or otherwise participate in training programmes, courses, seminars and conferences in respect of any company and for spreading or imparting the knowledge and use of computers and computer programming languages, including the publication of books, journals, bulletins, study/course materials, circulars and newsletters and to provide Computer Aided Design (CAD), Computer Aided Manufacturing (CAM) solutions and conversion of hard format material into computer related data formats.

(B) **CES TECHNOLOGY SERVICES PRIVATE LIMITED** ("**Resulting Company**"), a private company which is wholly owned subsidiary of Demerged Company, has its registered office at South Wing, B Division, Fourth Floor, Tower- A Ramky Selenium Building, Nanakramguda, Gachibowli, Hyderabad - 500032, Telangana, having Corporate Identification Number U72200TG2010PTC067406. Resulting Company is engaged into business of:

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1. To develop telecom applications and software which operates securely both in public and private domains.

2. To provide support solutions to telecom applications and live projects.

3. To provide video, unified communications, networking, telecom integration with third party applications, virtualization and elastic cloud technologies for telecom applications.

4. To carry on the business of all types of information technology enabled products and services such as Backoffice operations, Engineering and Design, Geographic information systems processing., Legal databases, Payroll and revenue accounting, remote maintenance services, website services, business process outsourcing in Human resources, finance and accounting, customer relationship management, employee relocation, content management and procurement outsourcing.

RATIONALE FOR THE SCHEME OF ARRANGMENT

i) The Demerged Company predominantly is into the business IT and ITES.

ii) The Scheme in the present case provides for demerger of ITES undertaking including with all the related assets and liabilities of Demerged Company into Resulting Company and also delisting of the shares of the Demerged Company from the stock exchange(s).

iii) The Demerged Company has excellent forays into the markets and with an objective to increase their market share; the promoters seek investment by external investors/partners. The Board of Directors of the Demerged Company wants to delink the ITES business completely from all other activities hence considered prudent to demerge ITES business of the Demerged Company.

iv) The Demerged Company is a publicly listed Company having its equity shares listed on BSE Limited. Though the Demerged Company is listed Company the demerged company has only 26 shareholders. Further the shares of the demerged company are not frequently traded. As the shares of

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the demerged company are not frequently traded the shareholders of the demerged company could not get the benefit of listing the shares on the Stock Exchange, however the demerged Company is incurring huge cost in compliance, being a listed Company, further the demerged company also contemplate to expand the remaining business for which the demerged company may require to raise capital from investors. Hence, the promoters seek to delist the shares of the demerged Company from Stock Exchanges, which will not only help the demerged company to reduce the cost but also make it easy for the demerged company to raise funds that are required for expansion of the remaining business of the demerged company.

v) The Scheme provides for segregation of the assets, liabilities (including resources deployed) related to the divisions being vested by way of demerger and also provide for delisting of the share of the demerged company from stock exchanges.

vi) Such segregation and delisting would result in having a structure ready for external investments in Demerged Company and the Resulting Company.

The Board of Directors of the Demerged Company and the Resulting Company are of the opinion that the Scheme of Arrangement would benefit the shareholders, employees and other stakeholders of the Demerged Company and the Resulting Company.

BENEFITS OF THE SCHEME OF ARRANGMENT

i) The Demerged Business and Remaining Business carried on by Demerged Company have significant potential for growth. The nature of risk and competition involved in each of these units are distinct from other and consequently Demerged Business and Remaining Business is capable of attracting a different set of business leaders, employees, investors, strategic partners, lenders and other stakeholders. The Board of Directors of the Demerged Company felt that the Demerged Business and Remaining Business should be bifurcated and should have independent entities for each undertaking.

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ii) The ITES business has huge potential and needs a focused management for each activity and hence it is felt necessary to carry on the business of ITES in a separate entity.

iii) In order to have greater and complete focus to the operations of each of Demerged Business and Remaining Business and evolve strategies for growth and expansion of activities of Demerged Business and Remaining Business separately, apart from attracting investors into each of the Demerged Business and Remaining Business, Demerged Company proposes to re-organize and segregate, by way of de-merger, its business.

iv) Demerged Business and Remaining Business have tremendous growth and profitability potential, especially the Remaining Business is at a stage where they require focused leadership and management attention.

v) It is believed that the proposed segregation will create enhanced value for all stakeholders and allow a focused strategy in operations, which would be in the best interest of Demerged Company, its all stakeholders, creditors and all persons connected with Demerged Company.

vi) It is believed that the delisting of shares of the Demerged Company from the Stock Exchange(s) will reduce the compliance cost incurred by the Demerged Company and will also make it easy for the demerged company to raise finances that are required for expansion of the remaining business of the demerged company.

vii) The Scheme of Arrangement also contemplates the cancellation of shares held by the Demerged Company in Resulting Company thereby reduction of share capital of the Resulting Company and also cancellation of the investments made by the Demerged Company in the Resulting Company.

viii) The Scheme of Arrangement also contemplates the reduction of the share capital of the Demerged Company.

ix) The Scheme of Arrangement will also provide scope for independent collaboration and expansion without committing the existing organization in its entirety.

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x) With aforesaid objective, it is proposed to De-merge, the Demerged Company's ITES business from the Demerged Company to Resulting Company and also delist the shares of the demerged company from the stock exchanges.

xi) The Board of Directors of the Demerged Company and Resulting Company are of the opinion that the Scheme of Arrangement would benefit the shareholders, employees and other stakeholders of the Demerged Company and Resulting Company.

This Scheme of Arrangement is divided into the following parts: -

Part I: Definitions of the terms used in this Scheme of Arrangement, Specified Date and the Share Capital.

Part II: Dealing with the vesting of ITES business of Demerged Company into Resulting Company, Delisting of Shares of the Demerged Company from the stock exchanges and cancellation of shares held by Demerged Company in Resulting Company and corresponding reduction in capital of the Resulting Company and cancellation of investments to that extent in the balance sheet of the Demerged Company. Also deals with reduction of Capital of the Demerged Company and restructuring of the Authorised Share Capital of the Demerged Company and Resulting Company.

Part III: General Terms and Conditions that would be applicable to the Scheme.

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PART – I

1. DEFINITIONS

In this Scheme (as defined hereinafter), unless repugnant to the meaning or context thereof, the following expressions shall have the meaning mentioned herein below:

1.1 **"Act" or "The Act"** means the Companies Act, 2013 as in force from time to time;

1.2 **"Appointed Date"** means, for the purpose of this Scheme 1st April 2022 and subject to being approved by the National Company Law Tribunal, Hyderabad for the State of Telangana

1.3 **"Demerged Business"** means the ITES business as on 31st March, 2022 of the Demerged Company (as modified and altered from time to time to the Specified Date), including but not limited to debts, liabilities, duties and obligations including reserves, if any, appertaining or allocated to the ITES business of the Demerged Company as on the Appointed Date and more particularly described at Schedule:

1.4 **"Demerged Company"** means CES Limited, a publicly listed Company having its equity shares listed on BSE Limited, has its registered office at Seventh Floor, Tower- A, Ramky Selenium Building, Plot No.31& 32, Nanakramguda, Gachibowli, Hyderabad - 500032, Telangana, having Corporate Identification Number L55100TG1985PLC045963;

1.5 **"Specified Date" or "Effective date"**means the date on which the authenticated copies or certified copies of the Orders of National Company Law Tribunal, Hyderabad Bench for the State of Telangana under Section 230 to 232, sanctioning the Scheme are filed with the Registrar of Companies;

1.6 **"NCLT"** means the National Company Law Tribunal for the State of Telangana;

1.7 **"Remaining Business"** means, all other businesses, divisions, assets and liabilities of the Demerged Company other than the Demerged Business as defined in sub clause 1.3 above.

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1.8 **"Record Date"** means the date to be fixed jointly by the Board of Directors of Demerged Company and Resulting Company for the purposes of determining the shareholders of Demerged Company to whom consideration would be given for vesting of the Demerged Business, in accordance with this Scheme (as defined hereinafter);

1.9 **"Resulting Company"** means CES Technology Services Private Limited, a private company, has its registered office at South Wing, B Division, Fourth Floor, Tower- A Ramky Selenium Building, Nanakramguda, Gachibowli, Hyderabad - 500032, Telangana, having Corporate Identification Number U72200TG2010PTC067406;

1.10 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Arrangement involving demerger of ITES business of Demerged Company into Resulting Company and delisting of the shares of the Demerged Company from stock exchange(s);

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, byelaws, as the case may be or any statutory modification or re-enactment thereof from time to time.

1.11 Stock Exchange: Stock Exchange shall mean BSE Limited where the shares of the Company are listed.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT shall be effective from the Appointed Date but shall be operative from the Specified Date and shall be deemed to have been effective from appointed date.

3. SHARE CAPITAL

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3.1 The Present Capital Structure of Demerged Company is as under:

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Particulars	Amount (Rs.)
Authorised Capital	
3,65,00,000equity shares of Rs. 10/- each	36,50,00,000
Issued Subscribed and Paid-up Capital	
3,64,00,000equity shares of Rs. 10/- each	36,40,00,000

3.2 The Present Capital Structure of Resulting Company is as under:

Particulars	Amount (Rs.)
Authorised Capital	
10,000 equity shares of Rs. 10/- each	1,00,000
Issued, Subscribed and Paid-up Capital	
10,000 equity shares of Rs. 10/- each	1,00,000

PART – II

4. VESTING OF THE DEMERGED BUSINESS

4.1 With effect from the Appointed Date and upon the Scheme becoming effective, the Demerged Business of Demerged Company consisting of ITES business shall, under the provisions of Section 230 to 232 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to the Resulting Company as a going concern in accordance with Section 2(19AA) of the Income Tax Act, 1961, so as to become, as and from the Appointed Date, the assets and liabilities of the Resulting Company and there shall be vested in the Resulting Company all the rights, titles, interests or obligations of the said Demerged Business therein and shall be free from all encumbrances.

(Detail of the Assets and Liability to be transferred to Resulting Company are annexed as Schedule-1)

4.2 With effect from the Appointed Date and upon the Scheme becoming effective, all the assets relating to the Demerged Business of Demerged Company either movable in nature or incorporeal property or are otherwise

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capable of transfer by manual delivery or by endorsement and delivery, shall be so transferred, delivered or endorsed and delivered, as the case may be, by the Demerged Company, and shall upon transfer become the property and an integral part of the Resulting Company. In respect of such of the said assets other than those referred to hereinabove, the same shall, 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 Resulting Company.

4.3 For avoidance of doubt, upon the Scheme becoming effective, all the rights, title, interest and claims of the ITES business of the Demerged Company in relation to the Demerged Business shall, pursuant to Section 230 to 232 of the Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company. The Demerged Company shall, wherever necessary, execute all necessary documents at its cost, to effect and evidence such transfer and vesting of assets, rights, licences etc., covered in this Scheme, more particularly under clauses 4.1 to 4.4 hereof, and make necessary applications to the authorities concerned independently and/or jointly with the Resulting Company for such transfer and vesting.

4.4 For the purpose of giving effect to the order passed under Sections 230 to 232 in respect of this Scheme, the Resulting Company shall at any time pursuant to the orders on this Scheme be entitled to get the records of the change in the title and appurtenant legal right(s) upon the vesting of such assets of the Demerged Business of Demerged Company in the Resulting Company.

4.5 All liabilities and obligations attributed to the ITES business /Demerged Business of Demerged Company, including its secured/unsecured loans, if any, taken over by the Resulting Company, may be discharged by the Resulting Company by way of one-time settlement or in any other manner as the Resulting Company may deem fit. The un-secured loans outstanding of the ITES business /Demerged Business of Demerged Company and payable to the related parties as on the appointed date shall become the un-secured loans outstanding of the Resulting Company.

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4.6 The Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite agreement, confirmations or novations to which the Demerged Company will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if it is so required or if it becomes necessary.

5. DELISTING OF SHARES FROM THE STOCK EXCHANGE(S):

Upon the Scheme of Arrangement being sanctioned by the Hon'ble NCLT, the shares of the Demerged Company shall stand delisted without any further act, deed or thing or without any other approval shall stand delisted from the stock exchanges and compliance of the regulations for delisting of shares shall be deemed to be exempted for the Demerged Company. The Demerged Company shall thereafter be an unlisted Company, and upon the intimation of the order of the Hon'ble NCLT the stock exchanges shall delist the shares from their exchanges as if the demerged company has voluntarily delisted its shares from the stock exchanges.

6. CONSIDERATION

6.1 In consideration for the de-merger of ITES business /Demerged Business of the Demerged Company, including the transfer and vesting thereof in the Resulting Company pursuant to Part II of the Scheme, the Resulting Company shall, without any further payment, issue and allot 1,82,00,000 Equity shares of Rs. 3/- each to the members of the Demerged Company who have consent for the Scheme of Arrangement in the proportion of their shareholding in the Demerged Company held by such member or his/her/its heirs executors, administrators or successors in the Demerged Company whose name is recorded in the register of members of the Demerged Company on the Record Date.

It is clarified that the Resulting Company shall allot 1 equity share of Rs. 3/- each for every two equity shares held by the members of the Demerged Company.

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6.2 The aggregate of the face value of equity share capital issued by the Resulting Company in terms of Clause 6.1 above, shall be debited/credited to the amount representing the surplus of assets over liabilities of the ITES business /Demerged Business recorded in books of account and the balance amount shall for all purposes constitutes as part of the Capital Reserve of the Resulting Company.

6.3 The Equity Shares to be issued and allotted pursuant to Clause 6.1 shall in all respects, rank pari passu with the existing equity shares of the Resulting Company, save and except in relation to dividends, if any, to which they may be entitled to, as and from the Appointed Date.

6.4 No fractional certificates shall be issued by the Resulting Company in respect of the fractional entitlements, if any, to which the shareholders of the Demerged Company are entitled on the issue and allotment of equity shares by the Resulting Company in accordance with the scheme. The board of directors/committee of director of the Resulting Company respectively shall instead consolidate all such fractional entitlements to which the shareholders of Demerged Company may be entitled on issue and allotment of the equity shares of the Resulting Company as aforesaid and shall without any further application, act, instrument or deed, issue and allot such fractional entitlements directly to an individual trustee or a board of trustees or a corporate trustee (the trustee), who shall hold such fractional entitlements with all additions or accretions thereto in trust for the benefit of the shareholders to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such fractional entitlements in the market at such price or prices and at such time or times as the trustee may in its sole discretion decide, the net sale proceeds thereof and any additions and accretions, whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Company in proportion to their respective fractional entitlements in Resulting Company.

6.5 The Resulting Company shall, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities for the issue

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and allotment by the Resulting Company of New Equity Shares to the members of the Demerged Company.

6.6 In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors or any committee thereof of the Demerged Company shall be empowered in appropriate cases, even subsequent to the Specified Date, as the case may be, to effectuate such a transfer in the Demerged Company, as if such changes in registered holder were operative as on the Specified Date, in order to remove any difficulties arising to the Demerged Company/Resulting Company of such shares.

7. RE-ORGANISATION AND REDUCTION OF CAPITAL OF DEMERGED COMPANY:

7.1 Upon the sanction of the Scheme of Arrangement and transfer of the Demerged Undertaking hereof the Authorised Share Capital of the Demerged Company shall be reorganised and shall stand at Rs.36,49,99,999/- (Rupees Thirty Six Crores Forty Nine Lakhs Ninety Nine Thousand Nine Hundred and Ninety Nine only) by simply filing the requisite forms with necessary forms along applicable fee and stamp duty and not separate procedure, instrument or deed shall be required. All the approvals and permissions as required under the Companies Act, 2013 should be deemed to have been obtained.

7.2 Consequently, the Memorandum of Association of the Demerged Company shall without any act, instrument or deed stand altered, modified and amended and clause V of the Memorandum of Association of the Demerged Company be replaced by the following clause:

"The Authorised Share Capital of the Company is Rs. 36,49,99,999/- (Rupees Thirty Six Crores Forty Nine Lakhs Ninety Nine Thousand Nine Hundred and Ninety Nine only) divided into 5,21,42,857 (Five Crores Twenty One Lakhs Forty Two Thousand Eight Hundred and Fifty Seven) Equity Shares of Rs.7/- (Rupees Seven only) each with a power to increase

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or reduce the capital from time to time or sub-divide or consolidate/or alter and allot with rights or privileges or priorities in payment of dividend or distribution of assets or otherwise over any of the shares subject to the provisions of the Companies Act, 2013."

7.3 It is clarified that the approval of the members of the Demerged Company to this Scheme shall be deemed to be their consent/approval also to the consequential alteration of the memorandum of association of the Demerged Company and the Demerged Company shall not be required to seek separate consent/approval of its shareholders/members for such alteration of the memorandum of association, as required under Section 13 and 61 and other applicable provisions of the Companies Act, 2013.

7.4 Upon the sanction of the Scheme of Arrangement and transfer of the Demerged Undertaking hereof and upon allotment of shares of the Resulting Company to the shareholders of the Demerged Company pursuant to clause 6.1 to 6.6 above, and the Scheme of Arrangement becoming effective the paid-up share capital of the be reduced from Rs. 36,40,00,000/- (Rupees Thirty Six Crores Forty Lakhs only) to Rs. 25,48,00,000/- by reducing the face value of equity share from Rs. 10/- to Rs. 7/- each. Consequently, the paid-up share capital of the Demerged Company after demerger shall stand at Rs.25,48,00,000/- divided into 3,64,00,000 equity shares of Rs. 7/- each.

7.5 Such reduction of Equity Share Capital of the Demerged Company as provided in the Clauses7.4 above, shall be effected as an integral part of the Scheme of Arrangement itself as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital and the order of the National Company Law Tribunal sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction without the need on the part of the Demerged Company, to carry out any further act or deed. While approving the Scheme as a whole, the Shareholders of the Demerged Company shall have resolved and accorded the relevant consents as required under Section 66 of the Act or any other provisions of the Act.

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8. RE-ORGANISATION ANDREDUCTION OF CAPITAL OF RESULTING COMPANY:

8.1 Upon the sanction of the Scheme of Arrangement and transfer of the Demerged Undertaking hereof the Authorised Share Capital of the Resulting Company shall be increased and reorganised from existing Rs. 1,00,000/- divided into 10,000 equity shares of Rs. 10/- each to Rs.6,00,00,000/- divided 2,00,00,000 equity shares of Rs. 3/- each by simply filing the requisite forms with necessary forms along applicable fee and stamp duty and not separate procedure, instrument or deed shall be required. All the approvals and permissions as required under the Companies Act, 2013 should be deemed to have been obtained.

8.2 Consequently, the Memorandum of Association of the Demerged Company shall without any act, instrument or deed stand altered, modified and amended and clause V of the Memorandum of Association of the Demerged Company be replaced by the following clause:

"The Authorised Share Capital of the Company is Rs. 6,00,00,000/- (Rupees Six Crores only) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.3/- (Rupees Four only) each with a power to increase or reduce the capital from time to time or sub-divide or consolidate/or alter and allot with rights or privileges or priorities in payment of dividend or distribution of assets or otherwise over any of the shares subject to the provisions of the Companies Act, 2013."

8.3 It is clarified that the approval of the members of the Resulting Company to this Scheme shall be deemed to be their consent/approval also to the consequential alteration of the memorandum of association of the Resulting Company and the Resulting Company shall not be required to seek separate consent/approval of its shareholders/members for such alteration of the memorandum of association, as required under Section 13 and 61 and other applicable provisions of the Companies Act, 2013.

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8.4 Upon the sanction of the Scheme of Arrangement and transfer of the Demerged Undertaking hereof and upon allotment of shares of the Resulting Company to the shareholders of the Demerged Company pursuant to clause 6.1 to 6.6 above, and the Scheme of Arrangement becoming effective 10,000 fully paid-up Equity Shares of Re.10/- each held by the Demerged Company in Resulting Company shall stand cancelled. Accordingly, the paid-up share capital of the Resulting shall stand reduced by Rs. 1,00,000/- and the paid-up share capital of the Resulting Company after allotment of shares and cancellation of shares already held by the Demerged Company, shall stand at Rs. 5,46,00,000 /- divided into 1,82,00,000 equity shares of Rs. 3/- each.

8.5 The above reduction of share capital will be effected by cancelling the existing shares held by Demerged Company and cancellation of investments in the balance sheet of the Demerged Company.

8.6 Such reduction of Equity Share Capital of the Resulting Company as provided in the Clauses8.4and 8.5 above, shall be effected as an integral part of the Scheme of Arrangement itself as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital and the order of the National Company Law Tribunal sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction without the need on the part of the Resulting Company, to carry out any further act or deed. While approving the Scheme as a whole, the Shareholders of the Resulting Company shall have resolved and accorded the relevant consents as required under Section 66 of the Act or any other provisions of the Act.

9. ACCOUNTING TREATMENT

9.1 Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Demerged Company and the Resulting Company shall give effect to the accounting treatment in the books of account in accordance with the standards specified under Section 133 of the Companies

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Act, 2013 read with the Companies (India Accounting Standards) Rules, 2013.

9.2 Accounting Treatment in the books of Resulting Company:

i. Pursuant to the Scheme coming into effect, with effect from the Appointed Date, the Resulting Company shall account for the demerger, in the books of accounts such that:

a. The Resulting Company shall, upon the Scheme becoming effective, record the assets and liabilities of the ITES business /Demerged Business of Demerged Company vested in them pursuant to this Scheme, at respective book values, as appearing in the books of Demerged Company at the close of business on the day immediately preceding the Appointed Date in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.

b. The Resulting Company shall credit its equity share capital account with the face value of new shares issued in accordance with clause 6 of Part II of the Scheme.

c. The amount of the net assets/ (liabilities) of the ITES business /Demerged Business demerged to Resulting Company (being the difference between the value of assets and value of liabilities of the Demerged Business, as recorded in the books of Resulting Company as per clause 9.2(i)(a) above), and after considering the allotment of shares and reduction of capital as contemplated in this Scheme would be adjusted against the reserves/goodwill of Resulting Company.

d. Having recorded the transfer of the assets and the liabilities as aforesaid and after receiving the relevant information on the fair values of assets acquired and liabilities assumed, the Resulting Company shall, to comply with the provisions of Indian Accounting Standards and more specifically Ind AS 103, "Business Combinations' notified under Section 133 of the Companies Act,

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2013 read with rules made thereunder and other Generally Accepted Accounting Principles, make necessary accounting adjustments such that all identifiable assets acquired and liabilities assumed (including assets and liabilities not specifically recognised by the Demerged Company in its financial statements) are reflected at their Appointed Date fair values within the measurement period specified in the said IND AS 103 and corresponding adjustment shall be made to goodwill and/or capital reserve as computed in subclause (c) above.

9.3 Accounting Treatment in the books of Demerged Company

i. Pursuant to the Scheme coming into effect, with effect from the Appointed Date, the Demerged Company shall account for the demerger of the Demerged Business in the books of accounts in the following manner:

a. The Demerged Company shall transfer all the assets and liabilities pertaining to the Demerged Business as on the Appointed date at the values appearing in its books of account (i.e., the book value) at the Appointed date to the Resulting Company. Accordingly, the Demerged Company shall reduce from its books of accounts, the book values appearing on such date in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.

b. Having recorded the transfer of the assets and liabilities, as aforesaid, the Demerged Company shall make necessary adjustments for the sake of compliance with Indian Account Standards (IND AS) notified under Section 133 of the Companies Act, 2013 specifically IND AS 10 Appendix A 'Distribution of Non-cash assets to Owners."

c. The Reduction of capital of Demerged Company as contemplated in this Scheme would be adjusted against the reserves of Demerged Company.

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Notwithstanding anything contained in clause 9 above the Demerged Company and Resulting Company shall comply with the applicable Accounting Standards.

10. PROFITS, DIVIDEND, BONUS/RIGHT SHARES

Demerged Company shall not utilise profits or income, if any, pertaining to the Demerged Business for any purpose including declaring or paying any dividend in respect of the period falling on and after the Appointed Date. Demerged Company shall also not utilise profits, adjust or claim adjustment of the profits/loss as the case may be earned/incurred or suffered in respect of the Demerged Business after the Appointed Date.

11. CONDUCT OF THE DEMERGED BUSINESS OF DEMERGED COMPANY TILL THE SPECIFIED DATE

With effect from the Appointed Date and up to and including the Specified Date:

11.1 ITES business /Demerged Business of the Demerged Company shall be deemed to have been carrying on and shall carry on its business and activities relating to the ITES business /Demerged Business and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the ITES business /Demerged Business for and on account of and in trust for respective Resulting Company. Demerged Company hereby undertakes to hold its assets with utmost prudence until the Specified Date.

11.2 Demerged Company shall carry on its business and activities relating to the ITES business /Demerged Business with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of Resulting Company, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the ITES business /Demerged Business or part thereof.

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11.3 All the profits or income accruing or arising to ITES business /Demerged Business of the Demerged Company or expenditure or losses arising or incurred or suffered by Demerged Company pertaining to the ITES business /Demerged Business shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure of the Resulting Company.

11.4 Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government and all other agencies; departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which the Resulting Company may require pursuant to this Scheme.

12. STAFF, WORKMEN AND EMPLOYEES OF THE DEMERGED COMPANY:

12.1 On the Scheme becoming operative, all staff, workmen and employees (if any) of Demerged Company pertaining to the ITES business /Demerged Business in service on the Specified Date shall be deemed to have become staff and employees of the Resulting Company without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with Resulting Company shall not be less favourable than those applicable to them with reference to their employment in Demerged Company.

12.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts, if any, created or existing for the benefit of the staff, workmen and employees of Demerged Company pertaining to the ITES business /Demerged Business or all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of Demerged Company in relation to the ITES business /Demerged Business

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shall become those of Resulting Company. It is clarified that the services of the staff, workmen and employees of Demerged Company pertaining to the ITES business/Demerged Business will be treated as having been continuous for the purpose of the said Fund or Funds.

12.3 Resulting Company shall not vary the terms and conditions of employment of any of the employees of Demerged Company pertaining to the Demerged Business except in the ordinary course of business.

13. LEGAL PROCEEDINGS

13.1 If any suit, appeal or other proceeding of whatever nature by or against Demerged Company in relation to the ITES business /Demerged Business is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Resulting Company, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Demerged Company in relation to the ITES business /Demerged Business as if this Scheme had not been made.

13.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against Demerged Company in relation to the ITES business /Demerged Business, Resulting Company shall be made party thereto and any payment and expenses made thereto shall be the liability of the Resulting Company.

14. VESTINGOF RIGHTS AND OBLIGATIONS UNDER CONTRACTS, DEEDS AND OTHER INSTRUMENTS.

14.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the ITES business /Demerged Business to which Demerged Company is a party and which is subsisting or having effect on the Specified Date, shall be

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in full force and effect against or in favour of and may be enforced by or against the Resulting Company as fully and effectually as if, instead of Demerged Company the Resulting Company had been a party thereto.

14.2 Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, relating to the ITES business /Demerged Business to which Demerged Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. Resulting Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Demerged Company for the ITES business /Demerged Business and to implement or carry out all formalities required to give effect to the provisions of this Scheme.

15. SAVING OF CONCLUDED TRANSACTIONS

The vesting of the ITES business /Demerged Business of Demerged Company into Resulting Company under Clause 4 above and the continuance of proceedings by or against Resulting Company under Clause 12 above shall not affect any transaction or proceedings already concluded by Demerged Company for the Demerged Business on or after the Appointed Date till the Specified Date, to the end and intent that Resulting Company accept and adopts all acts, deeds and things done and executed by Demerged Company for the Demerged Business in respect thereto as done and executed on behalf of the Resulting Company pertaining to ITES business /Demerged Business.

16. REMAINING BUSINESS OR UNDERTAKING OF DEMERGED COMPANY

16.1 The remaining business of Demerged Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by Demerged Company.

16.2 All legal and other proceedings by or against Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Specified

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Date and relating to the remaining business of Demerged Company (including those relating to any property, right, power, liability, obligation or duty of Demerged Company in respect of the remaining business of Demerged Company) shall be continued and enforced by or against Demerged Company.

16.3 With effect from the Appointed Date and including the Specified Date-

(a) Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the remaining business of Demerged Company for and on its own behalf;

(b) All profit accruing to Demerged Company thereon or losses arising or incurred by it relating to the remaining business of Demerged Company shall, for all purposes, be treated as the profit, or losses, as the case may be, of Demerged Company.

16.4 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Remaining Business to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or having effect immediately before the Specified Date, shall be in full force and effect on or against or in favour, as the case may be, of the Demerged Company.

17. TREATMENT OF TAXES

17.1 It is clarified that all taxes, levies, imposts, fines and duties payable by Demerged Company, accruing and relating to the operations of the ITES business /Demerged Business from the Appointed Date onwards, including all advance tax payments, tax deducted at source, any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds and claims of the Resulting Company. Accordingly, upon this Scheme becoming effective, Demerged Company is expressly permitted to revise, and Resulting Company is expressly permitted to file their respective income tax returns, including tax deducted at source certificates,

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sales tax/ value added tax returns, excise returns, service tax returns and other tax returns for the period commencing on and from the Appointed Date, and to claim refunds/ credits, pursuant to the provisions of this Scheme. Similarly, the unabsorbed depreciation and brought forward losses of the Demerged Company as are relating to the ITES business /Demerged Business as considered for the purposes of Explanation 1 to Section 115JB (2) of the Income Tax Act, 1961 shall stand vested in the hands of the Resulting Company shall consolidate the same with its unabsorbed depreciation and brought forward losses for the purpose of Explanation 1 to Section 115JB (2) of the Income-tax Act, 1961.

17.2 All expenses paid by Demerged Company under Section 43B of the Income-tax Act, 1961, in relation to the ITES business /Demerged Business shall be claimed as a deduction by the Resulting Company and the vesting of ITES business /Demerged Business shall be considered as succession of business by Resulting Company.

17.3 The Demerger as contemplated in this Scheme would be completed in a manner so as to comply with the conditions relating to 'demerger' as specified under section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at the later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with section 2(19AA) of the Income-tax Act, 1961.

It is clarified that demerger in itself is a specific code and the taxability is envisaged specifically under the Income Tax Act, 1961. Subject to the compliance with the prescribed conditions under Section 2(19AA) of the Income Tax Act, 1961, the demerger shall be tax neutral transaction as provided under relevant clauses of Section 47of the Act as no other tax implications are envisaged.

PART – III

18. APPLICATION TO THE NCLT

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Demerged Company and Resulting Company shall with all reasonable dispatch, make necessary applications to the NCLT pursuant to Sections 230 to 232 of the Act, for convening and/or seeking exemption to convene meetings of the shareholders, for sanctioning and carrying out of this Scheme.

19. MODIFICATIONS/AMENDMENTS TO THE SCHEME

Demerged Company and Resulting Company by their respective Board of Directors may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the NCLT and/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 of Demerged Company and Resulting Company). Demerged Company and Resulting Company by their respective Board of Directors be and are hereby authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions of law or otherwise, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith. The aforesaid powers of the Board shall be exercised with the approval of the NCLT.

20. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

20.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the members and/or creditors of Demerged Company and Resulting Company as prescribed under the Act, Stock Exchanges and as may be directed by the NCLT or any other appropriate authority as may be applicable.

20.2 The scheme is conditional upon scheme being approved by the PUBLIC shareholders through e-voting in terms of Part – I (A)(10)(a) of SEBI Master circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22,

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2020 and the scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.

20.3 The sanction of this Scheme by the NCLT or any other appropriate authority under Sections 230to 232 and other applicable provisions, if any of the Act in favour of Demerged Company and Resulting Company.

21. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in Clause 19 not being obtained and/ or the Scheme not being sanctioned by the NCLT or such other appropriate authority, if any, 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 and agreed between the parties to this Scheme. Each party shall bear and pay its respective costs, charges and expenses for and / or in connection with the Scheme unless otherwise mutually agreed.

22. COSTS, CHARGES AND EXPENSES

All costs, shortages, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by the Demerged Company.

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Schedule 1

Details of assets and liabilities of the Demerged Business as on the appointed date

Liabilities		Assets	
Particulars	**Amount**	**Particulars**	**Amount**
		Non-Current Liabilities	
Non-Current Liabilities		Property, Plant & Equipment	1,514,652
Provisions	38,704,967	Investments	69,779,798
Deferred Tax Liabilities	15,215,816	Other Financial Assets	4,640,919
Current Liabilities		**Current Assets**	
Trade Payables	20,622,231	Trade Receivables	260,539,515
Other Current Liabilities	26,008,823	Cash & Cash Equivalents	97,698,091
Provisions	91,688,337	Loans	20,623,804
		Other Current Assets	206,581
Total	**19,22,40,174**		**455,003,360**

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