



KELLTON TECH SOLUTIONS LIMITED.

Hyderabad, March 14th, 2017

To,
National Stock Exchange of India Ltd
Listing Department
Exchange Plaza, Plot No.C/1, Block-G,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400051.

Dear Sir/Ma'am,

Sub: Removal of Discrepancy

With respect to the disclosure made on March 7th, 2017 regarding the outcome of the Board Meeting held on the same day, we received some queries. The queries were answered on March 10th, 2017. We have received further reply on the clarification and have been asked to give the same on the letterhead of the Company.

Please find enclosed the clarification on the queries raised and the scheme for easy reference.

Kindly take the same on record and acknowledge the receipt of the same.

Yours truly,

For KELLTON TECH SOLUTIONS LIMITED

PAWNI BHAVE
COMPLIANCE OFFICER
MEMB. NO. 48587

Encl: As aforesaid



KELLTON TECH SOLUTIONS LIMITED.

REPLY TO THE QUERIES WITH RESPECT TO ANNOUNCEMENT MADE 7TH MARCH, 2017

1. Name of the entity (ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.;

Name of the Entities:

Kellton tech Solutions Limited (Transferee Company) Holding Company
Kellton DBYDX Software Private Limited (Transferor Company) Wholly owned Subsidiary

Turnover:

Kellton tech Solutions Limited (Transferee Company): Rs. 487,779,497/-

Kellton Dbydx Software Private Limited (Transferor Company): Rs. 34,214,652/-

2. Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length";

The present transaction is a Scheme of Merger under the provisions of Section 233 of the Companies Act, 2013, between Holding Company and its Wholly owned Subsidiary Company.

Whether the transaction is a related party transaction or not, Under SEBI (LODR), related Party transaction is defined to be means a **transfer of resources, services or obligations** between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Going by the definition of related party, the said transaction is a related party transaction, as there is transfer of assets and liabilities from the transferor company to the transferee company consequent to merger of the entity with Kellton Tech Solutions Limited., however, it is to be noted that the transaction, is with respect to restructuring under section 233 of Companies Act, 2013 and in accordance with provisions specified thereof, members approval for merger is being sought for.

With regard to arm's length basis, since the proposed merger is between holding company and its wholly owned subsidiary, the Share holding in Kellton Dbydx, held by Kellton tech Solutions Limited shall stand Cancelled upon merger and all the assets and liabilities of Kellton Dbydx Software Private Limited will be transferred to Kellton tech Solutions Limited.

3. Area of business of the entity (ies);

Kellton Tech Solutions Limited:

Develop, provide, undertake, design, import, export, distribute and deal in Systems and application software for microprocessor based information systems, off shore software development projects, internet service provider, and solutions in all areas of application including those in Emerging niche segments like Internet and Intranet website applications solutions software enterprise, resource planning, e-commerce, value added products and other business applications either for its own use for sale in India or for export outside India and to design and develop such systems and application software for and on behalf of manufacturers owners and users of computer, telecom, digital, electronic equipments in India or elsewhere in the world.

Kellton Dbydx Software Private Limited:

as franchise agent for electronic information technology development, up gradation manufacturing, processing and up gradation of hardware, software, website, web page, internet, e-mail, on line electronic communication systems, data processing, developing, producing, generating, manufacturing and dealing in all types of the computer hardware software, computer stationery, and to run and operate the computer stationery, and to run and operate the computer hardware and software training institute for the t raining of the computer operations, development, up gradation of software, training of SAP packages, accounting, ERP packages, other packages and programming in India and abroad

4. Rationale for amalgamation/ merger;

Both the Companies are part of the same group. Accordingly, the Board of Directors of the Transferor and transferee company has decided to amalgamate the business of transferor company with the transferee company , so as to achieve the following:

(i) Greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximizing overall shareholder value and will improve the competitive position of the combined entity.

(ii) Simplify management Structure, leading to better administration and a reduction of costs from more focused operational efforts, rationalization standardization and simplification of business processes and elimination of duplication, and rationalization of administrative expenses. The amalgamation would therefore, enable the transferee company to increase operations and confer a competitive

advantage on the entire business and helps the transferee company to achieve higher scales of operation, through integrated process.

(iii) Direct and indirect tax efficiencies.

(iv) Simplify shareholding structure and reduce shareholding tiers.

(v) The proposed amalgamation will help centralize and pool the resources available with transferor and transferee Company. The proposed amalgamation would achieve complete integration of resources under its roof which will in turn result in substantial increase in turnover giving advantages in costs, supplies, Taxes and other resources through optimization of human and technological resources, movement of material, infrastructure, etc.

(vi) Thus, as a whole , merger of the transferor company with transferee company in terms of the scheme shall be beneficial for both the companies, their shareholders, their creditors, employees, customers and all other concerned.

5. In case of cash consideration amount or otherwise share entitlement/exchange ratio;

Since the merger is between holding and its wholly owned subsidiary Company , the holdings of Kellton Tech Solutions Limited in Kellton Dbydx Software Private Limited shall stand cancelled on merger .All the assets and liabilities and other obligations, of Kellton Dbydx Software Private Limited will be transferred to Kellton Tech Solutions Limited , in accordance with scheme of merger .

6. Brief details of change in shareholding pattern (if any) of listed entity.

Pursuant to merger of Kellton Dbydx Software Private Limited with Kellton Tech Solutions Limited, there will be no change in the share holding pattern of the Company. Since no shares are allotted by Kellton Tech Solutions Limited (Transferee Company) upon merger, to the shareholders of Kellton Dbydx Software Limited (Transferor Company) because of relationship of holding and subsidiary relationship between the two companies.

Please find attached Scheme of Merger for easy reference

SCHEME OF AMALGAMATION

BETWEEN

**1. Kellton Dbydx Software Private Limited
(TRANSFEROR COMPANY)**

WITH

**2. Kellton Tech Solutions Limited
(TRANSFeree COMPANY)**

1. GENERAL

This Scheme of Amalgamation (hereinafter referred to as the "Scheme") is presented under section 233 of Companies Act, 2013, read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for amalgamation of Kellton Dbydx Software Private Limited, (Transferor Company) with Kellton Tech Solutions Limited (Transferee Company), and the dissolution of the Transferor Company without winding up.

The said scheme of merger is between Holding and its wholly owned Subsidiary Company i.e, Kellton Dbydx Software Private Limited, wholly owned subsidiary company with Kellton Tech Solutions Limited, its holding company.

2. DEFINITIONS

In the Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings given below:

- (a) "Act" or "the Act" means the Companies Act, 1956 and/ or Companies Act, 2013, as may be applicable and or any amendments thereto or re-enactment thereof.

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A circular purple stamp with the text "KELLTON TECH SOLUTIONS" around the top edge and "HYD" in the center. There are two small stars on the bottom edge of the circle.

- (b) "Appointed Date" for the purposes of the Scheme means the 1st day of April, 2016 or such other date(s) as may be directed either by the Central Government (powers delegated to Regional director, South Eastern Region) or Hon'ble National Company Law Tribunal Bench, Hyderabad.
- (c) "Board" means Board of Directors of the Transferor Company or the Transferee Company as the case may be.
- (d) "Central Government" : shall mean Regional Director, South Eastern Region, Hyderabad(powers of the Central government been delegated to Regional Director)
- (e) "Effective Date" shall be the last of the following dates or such other dates as the Central Government (powers delegated to Regional director, South Eastern Region) or Hon'ble National Company Law Tribunal Bench, Hyderabad, may direct namely:

The date on which certified copies of the order of the Central Government or Hon'ble National Company Law Tribunal Bench, Hyderabad, under section 233 (3) or 233(7) of the Act is filed with the Registrar of Companies, Telangana and Andhra Pradesh or the date on which last of the consents, approvals, sanctions and/or orders as are hereinafter referred to in paragraph 6.6 of this Scheme have been obtained, whichever is later.
- (f) "Equity Shares" mean fully paid equity shares of the Transferor or Transferee Company.
- (g) "NCLT" means Hon'ble National Company Law Tribunal Bench, Hyderabad
- (h) "Scheme" means the Scheme of Amalgamation in its present form with any amendment/ modifications approved or imposed or directed by the Registrar of Companies, Official Liquidator, shareholders or creditors and/ or by the Central Government (Regional Director) or any other judicial body.

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- (i) "Shareholder" means a person holding Equity Shares, who is registered as a member in the Register of Members of the Transferee Company on such dates as specified in the Scheme.
- (j) "Transferor Company" means Kellton Dbydx Software Private Limited, a Private Limited company incorporated under the Act having its Registered Office at: Plot No. 1367, Paghan Plaza, Road No 45, Jubilee Hills, Hyderabad, Telangana- 500033.
- (k) "Transferee Company" or "the Company" means Kellton Tech Solutions Limited, a Public Limited company incorporated under the Act and having its Registered Office at Plot No. 1367, Road No 45, Jubilee Hills, Hyderabad, Telangana- 500033

3. INTRODUCTION

- 3.1 The position of Authorized, Issued, Subscribed and Paid up Capital of the **Transferor Company** as on 31st March, 2016 is as under:

Authorized Share Capital

Rs. 1,00,00,000. /- (Rupees One Crore only) divided into 20,00,000 (Twenty Lakhs) Equity Shares of Rs. 5/- (Rupees five only) each

Issued, Subscribed and Paid up Share Capital

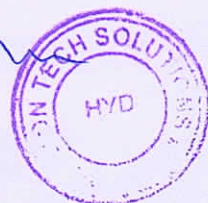
Rs 83,23,765 /- (Rupees Eighty Three Lakhs Twenty Three Thousand Seven Hundred and Sixty Five only) divided into 16,64,753 (Sixteen Lakhs Sixty Four Thousand Seven Hundred and Fifty Three only) Equity Shares of Rs.5/- (Rupees five only) each.

- 3.2 The position of Authorized, Issued, Subscribed and Paid up capital of the **Transferee Company** as on 31st March, 2016 is as under:

Authorized Share Capital

Rs. 31,00,00,000/- (Rupees Thirty One Crores only) divided into 6,20,00,000 (Six Crore Twenty Lakhs) Equity Shares of Rs. 5/- (Rupees Five) each.

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Issued, Subscribed and Paid up Share Capital

Rs. 23,41,31,300/- (Rupees Twenty Three Crore Forty-One Lakhs Thirty One Thousand and Three Hundred) divided into 4,68,26,260 (Four Crore Sixty Eight Lakhs Twenty Six Thousand Two Hundred and Sixty) equity shares of Rs. 5/- each.

- 3.3 Kellton Dbydx Software Private Limited, Transferor Company is a wholly owned subsidiary of Kellton Tech Solutions Limited or the transferee company.
- 3.4 The position of Authorized, Issued, Subscribed and Paid up Capital of the **Transferor Company** as on 07th March,2017 is as under:

Authorized Share Capital

Rs. 1,00,00,000. /- (Rupees One Crore only) divided into 20,00,000 (Twenty Lakhs) Equity Shares of Rs. 5/- (Rupees five only) each

Issued, Subscribed and Paid up Share Capital

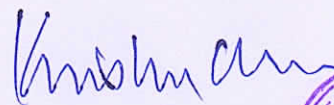
Rs 83,23,765 /- (Rupees Eighty Three Lakhs Twenty Three Thousand Seven Hundred and Sixty Five only) divided into 16,64,753 (Sixteen Lakhs Sixty Four Thousand Seven Hundred and Fifty Three only) Equity Shares of Rs.5/- (Rupees five only) each.

- 3.5 As on date of making application for approval of the scheme, the Authorized, Issued, Subscribed and Paid up capital of the **Transferee Company** as on 07th March,2017 is as under:

Authorized Share Capital

Rs. 31,00,00,000/- (Rupees Thirty One Crores only) divided into 6,20,00,000 (Six Crore Twenty Lakhs) Equity Shares of Rs. 5/- (Rupees Five) each.

Issued, Subscribed and Paid up Share Capital




Rs. 23,57,22,865/- (Rupees Twenty Three Crore Fifty Seven Lakhs Twenty two Thousand , Eight Hundred and sixty five only) divided into 4,71,44,573 (Four Crore Seventy One Lakhs Forty Four Thousand Five Hundred and Seventy Three) equity shares of Rs. 5/- each.

4. REASONS FOR AMALGAMATION:

The reasons for the proposed Scheme of Amalgamation of **Kellton Dbydx Software Private Limited** with **Kellton Tech Solutions Limited** are as follows:

a. **The Transferor Company Kellton Dbydx Software Private Limited is a**
Private Limited Company, engaged in the business of :

1. To carry and engage in the business at its own or in association with any India or foreign agency, Individuals, firms, company or Govt. Undertaking either in India or abroad and to act as franchise agent for electronic information technology development, up gradation manufacturing, processing and up gradation of hardware, software, website, web page, internet, e-mail, on line electronic communication systems, data processing, developing, producing, generating, manufacturing and dealing in all types of the computer hardware software, computer stationery, and to run and operate the computer stationery, and to run and operate the computer hardware and software training institute for the training of the computer operations, development, up gradation of software, training of SAP packages, accounting, ERP packages, other packages and programming in India and abroad.
2. To provide consultancy services related to the preparation and maintenance of accounting, statistical or mathematical information and reports, data processing, computer programming and all other related business.
3. To provide and engage in on-line internet marketing and advertising solution and support.
4. To establish BPO and call centers to provide solutions, training and consultancy support in relation to computer software.

b. **The Transferee Company Kellton Tech Solutions Limited is a Public Limited** Company, listed on both BSE Limited and National Stock Exchange Limited , engaged in the business of:

1. To develop, provide, undertake, design, import, export, distribute and deal in Systems and application software for microprocessor based information systems, off shore software

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development projects, internet service provider, and solutions in all areas of application including those in Emerging niche segments like Internet and Intranet website applications solutions software enterprise, resource planning, e-commerce, value added products and other business applications either for its own use for sale in India or for export outside India and to design and develop such systems and application software for and on behalf of manufacturers owners and users of computer, telecom, digital, electronic equipments in India or elsewhere in the world.

2. To carry on the business of Software designing, development, customisation, implementation, maintenance, testing and benchmarking, designing, developing and dealing in computer software and solutions, and to import, export, sell, purchase, distribute, host (in data centres or over the web) or otherwise deal in own and third party computer software packages, programs and solutions, and to provide internet / web based applications, services and solutions, provide or take up Information technology related assignments on subcontracting basis, offering services onsite/ offsite or through development centres using owned /hired or third party infrastructure and equipment, providing recruitment and HR related services, providing and taking personnel / consultants/ human resources to / from other organizations, providing solutions/ Packages/ services through applications services provider mode via internet or otherwise, to undertake IT enabled services like call Centre Management, Medical and legal transcription, data processing, Back office processing, Accounting, HR and payroll processing, Insurance claims processing, credit card processing, loans and letters of credit processing, cheque processing, data warehousing and database management, to carry on the business of manufacturing, dealing and maintenance of computer hardware, computer systems and assemble data processors, program designs and to buy, sell or otherwise deal in such hardware and software packages and all types of tabulating machine, accounting machines, calculators, computerised telecommunication systems and network, their components, spare parts, equipments and devices in India or elsewhere in the world.

3. To manufacture, sell, export, import all kinds of electric & electronic components capable of being used in Electrical & mechanical and electronic Industries including Computers telecommunications to carry our software research and development, to design and develop system software, application software and any other software in India and abroad to start Integrated services Digital Local Network (ISDLAN) dial for data Centres technology parks, wide area network Internet, user net, cyber café services in India and abroad.

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4. To establish, maintain, conduct, provide, procure or make available services of every kind including commercial, statistical, financial, accountancy, medical, legal, management, educational, engineering, data processing, communication and other technological social or other services and to carry on the business of the importer, exporter, buyers, lesser and sellers of and dealers in all types of electronic components and equipment necessary for attaining the above objects in India or elsewhere in the world.

5. To develop Software for Computer System for Data Processing, Data Acquisition, Data Transmission, Industrial Instrumentation and Process Control and to act as Computer and Electronic Data Processing Consultants and Agents and to establish and run data processing centers and offer Consultancy and other services that are normally offered by data processing and computer centers to industrial, Commercial, Business and other types of Customer and to impart training on Computer Software and Hardware, Electronic Data Processing, to Customers and others. To design, develop, alter, make, manufacture, produce, process, assemble, contract for, buy, sell, export, import, trade, or lease, hire or otherwise deal in computers, computer machinery, spare parts, electronic components, hardware, software, disks, plotters, digitizers, electronic, electrical.

c. Kellton Dbydx Software Private Limited, Transferor Company is a wholly owned subsidiary of Kellton Tech Solutions Limited or the transferee company.

d. Both the Companies are part of the same group. Accordingly, the Board of Directors of the Transferor and transferee company has decided to amalgamate the business of transferor company with the transferee company , so as to achieve the following:

(i) Greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximizing overall shareholder value and will improve the competitive position of the combined entity.

(ii) Simplify management Structure, leading to better administration and a reduction of costs from more focused operational efforts, rationalization standardization and simplification of business processes and elimination of duplication, and rationalization of administrative expenses. The amalgamation would therefore, enable the transferee company to increase operations and




confer a competitive advantage on the entire business and helps the transferee company to achieve higher scales of operation, through integrated process.

(iii) Direct and indirect tax efficiencies.

(iv) Simplify shareholding structure and reduce shareholding tiers.

(v) The proposed amalgamation will help centralize and pool the resources available with transferor and transferee Company. The proposed amalgamation would achieve complete integration of resources under its roof which will in turn result in substantial increase in turnover giving advantages in costs, supplies, Taxes and other resources through optimization of human and technological resources, movement of material, infrastructure, etc.

(vi) Thus, as a whole , merger of the transferor company with transferee company in terms of the scheme shall be beneficial for both the companies, their shareholders, their creditors, employees, customers and all other concerned.

5. THE SCHEME

Part – I

Amalgamation of the Transferor Company with the Transferee Company

5.1 With effect from the Appointed Date and subject to the provisions of the said Scheme, including in relation to the mode of transfer/vesting, the entire business and undertaking of the Transferor Company including all movable and immovable properties, tangible and intangible properties, assets, buildings, offices, investments of all kinds, licensing arrangements, lending contracts, benefit of any security arrangements, reversions, powers, authorities, allotments, approvals, consents, licenses, registrations, contracts, agreements, engagements, arrangements of all kind, rights, titles, interests, benefits, easements, and privileges of whatsoever nature and wherever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company, including but without being limited to patents, trademarks, copyrights and other intellectual property rights of any nature

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whatsoever, permits, approvals, authorizations, rights to use telephones, telexes, facsimile connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of all agreements and all other interests (the "said Assets") shall be and stand vested in and/or be deemed to be and stand vested in the Transferee Company as a going concern pursuant to the provisions of Section 233 of the Act so as to become on and from the Appointed Date, the estate, assets, rights, title and interests of the Transferee Company.

5.2 Without prejudice to paragraph 5.1 above, in respect of such of the said Assets of the Transferor Company as are movable in nature, or incorporeal property, or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same may, upon the said Scheme becoming effective, be so transferred to the Transferee Company and shall upon such transfer become the property and an integral part of the Transferee Company. In respect of such of the said Assets other than those referred hereinabove, the same shall, without any further act, instrument or deed, be transferred and vested in and/or be deemed to be transferred to and vested in the Transferee Company pursuant to an order being made thereof under Section 233 of the Act.

5.3

(a) With effect from the Appointed Date and upon the said Scheme becoming effective, the land, with the buildings standing thereon, if any, held by the Transferor Company, and any documents of title / rights and easements in relation thereto shall be vested in and transferred to and/or be deemed to have been transferred to and vested in the Transferee Company and shall belong to the Transferee Company.

(b) With effect from the Effective Date, the Transferee Company shall be liable for ground rent and municipal taxes in relation to properties subject to such taxes, if any. The mutation of title to the immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the said Scheme and upon the same becoming effective in accordance with terms hereof in favour of the Transferee Company.

[Handwritten Signature]

*[Circular Stamp: KELLON TECH SOLUTIONS LTD. * HYD]*

- 5.4 Notwithstanding the generality of paragraph 5.1 above, with effect from the Appointed Date and upon the said Scheme becoming effective, all statutory licenses, permissions, approvals, exemption schemes, or consents required to carry on operations in 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 authorities concerned therewith in favour of the Transferee Company. The benefit of all statutory and regulatory permissions, factory licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of Transferor Company shall vest in and become available to the Transferee Company pursuant to the said Scheme.
- 5.5 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, and other authorizations of Transferor Company shall stand transferred by the order of the Central Government to the Transferee Company, the Transferee Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the sanctioning authority.
- 5.6 The Transferor Company and the Transferee Company are expressly permitted to revise their income tax returns and related TDS certificates and the right to claim refund, advance tax credits etc., upon the said Scheme becoming effective and have expressly reserved the right to make such revisions in the income tax returns and related TDS certificates and the right to claim refund, advance tax credits etc. pursuant to the sanction of the said Scheme by the Central Government, and the said Scheme becoming operative.
- 5.7 Upon the said Scheme becoming effective:
- (a) all piece of land and other immovable properties in the name of transferor Company shall vest in the Transferee Company and appropriate Governmental and Registration Authorities shall mutate and register the said piece of lands in the name of the Transferee Company as if the piece of land had originally been registered in the name of the Transferee Company.

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- (b) all motor vehicles of any nature whatsoever comprised in or relatable to the Transferor Company, shall vest in the Transferee Company and appropriate Governmental and Registration Authorities shall mutate and register the said vehicles in the name of the Transferee Company as if the vehicles had originally been registered in the name of the Transferee Company.
- 5.8 With effect from the Effective Date and till such time the names of the bank accounts of Transferor Company are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of Transferor Company in the name of the Transferor Company, in so far as may be necessary.
- 5.9 The Transferee Company, at any time after the coming into effect of the said Scheme, may execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of the said 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 compliance, referred to above on the part of the Transferor Company to be carried out or performed.
- 5.10 Upon the coming into effect of the said Scheme and with effect from the Appointed Date:
- (a) All secured and unsecured debts, liabilities including contingent liabilities, whether disclosed or undisclosed, duties, taxes and obligations of the Transferor Company along with any charge, encumbrance, lien or security thereon (hereinafter referred to as the "said Liabilities") shall also be vested or be deemed to be and stand vested, without any further act, instrument or deed, to the Transferee Company, pursuant to the provisions of Section 233 of the Act so as to become the debts, liabilities, duties and obligations of the Transferee Company, and further that it shall not be necessary to obtain consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this clause.

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- (b) With effect from the Appointed Date and upon the said Scheme becoming effective, the Transferee Company shall take all steps reasonably necessary to enter into new or amended loan or security agreements or instruments and the likes as may be necessary with the creditors, such that the Transferee Company shall assume the sole responsibility for repayment of borrowings allocated to it under the said Scheme.
- (c) All the loans and advances extended by the Transferee Company to the Transferor Company and vice versa shall stand cancelled and the Transferor Company and the Transferee Company, as the case may be, shall have no further obligation in that behalf.

5.11

- (a) With effect from the Appointed Date up to and including the Effective Date:
 - (i) the Transferor Company shall carry on and shall be deemed to have carried on all its business and activities and shall hold and stand possessed of and shall be deemed to have held and stood possessed of all the said Assets for and on account of, and in trust for, the Transferee Company;
 - (ii) the Transferor Company shall carry on their business and activities with reasonable diligence and business prudence and shall not, without prior written consent of the Transferee Company, undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantee, indemnities, letters of comfort or commitments, either for itself or on behalf of any third party, or save as expressly permitted by the said Scheme or with the prior written consent of the Transferee Company, alienate, charge, mortgage or encumber the said Assets and shall not deal with the said Assets or any part thereof; and
- (b) All profits or incomes accruing or arising to the Transferor Company or expenditure, or losses arising or incurred (including the effect of taxes, if any, thereon) by the Transferor Company on and after the Appointed Date shall, for all purposes, be treated and be deemed to be treated and accrue as the profits or incomes or expenditure or losses of the Transferee Company, as the case may be.




5.12 Upon the coming into effect of the said Scheme:

- (a) all suits, actions and proceedings by or against the Transferor Company pending and/or arising on or before the Effective Date shall 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.
- (b) the Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in sub-clause (a) above transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company.

5.13 Upon the coming into effect of the said Scheme, and subject to the provisions of the said Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature 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 in full force and effect against or in favour of the Transferee Company as the case may be 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 obligee thereto. The Transferee Company shall, wherever necessary, enter into and/or issue and/or execute deeds, writings or confirmations, enter into any tripartite arrangements, confirmations or novations to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this paragraph. Nothing in this paragraph will in any way extend the scope of contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature, entered into by the Transferor Company, to the operations or management of the Transferee Company, as they existed before the Effective Date

5.14 Upon the coming into effect of the said Scheme:

- (a) all employees in the service of the Transferor Company immediately preceding the Effective Date shall become employees of the Transferee Company on the basis that:
 - (i) their services shall be deemed to have been continuous and not have been interrupted by reasons of the said transfer.

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- (ii) the terms and conditions of service applicable to employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately preceding the transfer.
- (b) It is expressly provided that as far as the provident fund, gratuity scheme, superannuation scheme or any other special scheme(s)/fund(s) created or existing for the benefit of the employees of the Transferor Company are concerned, upon the coming into effect of the said Scheme, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, related to the administration or operation of such schemes or funds or in relation to the obligation to make contributions to the said funds in accordance with provisions of such schemes/funds as per the terms provided in the respective trust deeds to the end and intent that all the rights, duties, powers and obligation of the Transferor Company in relation to such schemes/funds shall become those of the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous for the purpose of the aforesaid schemes/funds.
- (c) The Transferee Company undertakes to continue to abide by any agreements(s)/settlement(s) entered into with the labour union/employees by the Transferor Company.

5.15 Cancellation of Share Capital of the Transferor Company

Upon the said Scheme becoming finally effective and without any further application, act or deed, Since the entire Equity Share Capital of the Transferor company is held by the Transferee company , upon merger, the Transferee company would not be required to issue and allot any shares to the shareholders of the Transferor Company. The Shares so held by the Transferee company shall stand cancelled and extinguished pursuant to the implementation of Scheme of Merger.

5.16 Upon the said Scheme becoming effective, the Transferee Company shall account for amalgamation/merger in its books as per the "Pooling of Interests Method" (under the Accounting Standard No. AS 14 "Accounting for Amalgamation" or Accounting for Business Combination IND- AS 103) as applicable under Section 133 of the Companies




Act, 2013, read with Rule 7 of the Companies (Accounts) rules, 2014 and other generally acceptable accounting principles. Accordingly upon Scheme being effective,

- a) All the said Assets and the said Liabilities recorded in the books of the Transferor Company shall stand transferred to and vested in the Transferee Company pursuant to the said Scheme and shall be recorded by the Transferee Company at their carrying amount as appearing in the books of the Transferor Company.
- (b) The debit balance in the "Profit and Loss Account" of the Transferor Company, if any, shall be adjusted against the balance in the Profit and Loss Account of the Transferee Company. The individual reserves, if any, in the books of the Transferor Company shall be transferred to the identical reserves accounts in the books of the Transferee Company.
- (c) In the event that there is a shortfall of the aggregate value of the said Assets, as arrived at under para (a) above, over the aggregate value of the said Liabilities of the Transferor Company and the balances in the Profit and Loss Account and Reserves, if any, recorded by the Transferee Company upon their transfer to and vesting in the Transferee Company under the said Scheme after adjusting the face value of the aggregate shares issued and allotted under the said Scheme by the Transferee Company, the same shall be debited to the Securities Premium Account.
- (d) The amount of Share Capital of the transferor company and investment held by the transferee company in the transferor company shall be adjusted against each other.

5.16 Upon the said Scheme coming into effect and without any further act or deed, the authorised share capital of the Transferee Company shall stand increased by an amount equivalent to the authorised capital of the Transferor Company without payment of any registration fees, stamp duty, etc., and the Capital Clause V of the Memorandum of Association of the Transferee Company shall stand replaced by the following clause:

"V. The authorised share capital of the Company is Rs.32,00,00,000 /- (Rupees Thirty Two Crores only) divided into 6,40,00,000 (Six Crores Forty Lakhs only) Equity Shares of Rs. 5/- each."

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The Company shall have the power, from time to time, to increase or reduce capital and to issue any share, in original or new capital, as Equity Shares or Preference Shares and to attach to any class or classes of such shares any preferences, rights, privileges or priorities in payment of dividends or distribution of assets or otherwise over any other shares or to subject the same to any restrictions, limitations or conditions and to vary the regulation of the company as far as necessary to give effect to the same and upon the sub-division of a portion, the right to participate in profits in any manner.

5.17 The Transferee Company shall file the amended copy of its Memorandum of association with the Registrar of Company, Telangana and Andhra Pradesh at Hyderabad, within 30 days from the date the said Scheme becomes effective, who will register the same. The approval of the said Scheme by the Shareholders under Sections 233 of the Act shall be deemed to have the approval under Sections (13, 14, 61) of Company Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard.

Part II

General

- 6.1 The resolutions, if any, of the Transferor Company which are valid and subsisting on the Effective Date shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, then the said limits shall be added and shall constitute the aggregate of the said limits in Transferee Company.
- 6.2 The Transferor Company, upon coming into effect of the said Scheme, shall be dissolved without winding up, subject to orders being made by the Central Government under Section 233 of the Act read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
- 6.3 The Transferor Company and the Transferee Company shall with all reasonable dispatch make and file all applications / petitions under section 233 and other applicable provisions of the Act, before the central Government for sanctioning the said Scheme

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and for dissolution of the Transferor Company without winding up and to obtain all other approvals as may be required under law.

6.4 Modifications/Amendments to the said Scheme:

(a) The Transferor Company and the Transferee Company by their respective Board either by themselves or by any committee constituted by the Board in this behalf may make or assent from time to time on behalf of all persons concerned to any extension, modification or amendments, of the said Scheme without having to convene fresh meetings of the equity shareholders or any of conditions or limitation which the Central Government and/or any authorities/persons may deem fit to approve of or impose and to resolve all doubts or difficulties that may arise for carrying out the said Scheme and to do and execute all acts, deeds, matters and things necessary for putting the said Scheme into effect.

(b) For the purpose of giving effect to the said Scheme or to any modification or amendments thereof, objections or suggestions by the concerned authorities(i.e, Registrar of Companies, Official Liquidator, Central government or other concerned) the Board of the Transferee Company or any committee constituted by the Board in this behalf may amend the scheme to that effect and give and are authorized to give all such directions as are necessary including directions for settling any question or doubt or difficulty that may arise.

6.5 If any part of the said Scheme hereof is ruled illegal or invalid by, or is not sanctioned by the Central Government or NCLT, (if referred to under section 233(5) of the Act) or is 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 said Scheme, and the said Scheme shall not be affected thereby, unless the deletion of such part shall cause the said Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the said Scheme, as will best preserve for the parties the benefits and obligations of the said Scheme, including but not limited to such part.

6.6 The said Scheme is conditional on and subject to:

(a) the consents by the requisite majority of the shareholders and creditors to the said Scheme.

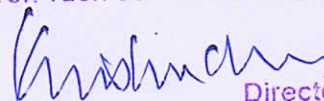
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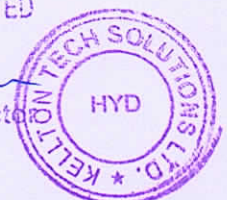


- (b) the sanction of Scheme by the Central Government obtained under Sections 233 and other applicable provisions of the Act, if so required on behalf of the Transferor Company and the Transferee Company.
 - (c) The certified copies of the orders of Central Government being filed with the Registrar of Company, Telangana and Andhra Pradesh.
 - (d) The requisite consent, approval or permission of the Appropriate authority, which by law may be necessary for the implementation of this scheme.
- 6.7 No creditor of the Transferor Company would lose or be prejudiced as a result of the proposed Scheme being passed. The amalgamation will in no way cast any additional burden on the shareholders of either company nor will it prejudicially affect the interests of any of the classes of the creditors of either company.
- 6.8 Effect of non-receipt of approvals/sanctions:
- (a) In the event of any of the said sanctions and approvals is pending or not being obtained and/or the said Scheme not being sanctioned by the Central Government or the NCLT (if referred to by Central government), and/or the order(s) not being passed as aforesaid on or before 31st December, 2017 or within such further period or periods as may be agreed upon by and between the Board of the Transferor Company and the Transferee Company, the said Scheme shall stand revoked and cancelled and become null and void and be of no effect.
 - (b) In the event any of the conditions that may be imposed by the Central Government or the NCLT (if referred to by Central government), /or competent authority which the Transferor Company and/or the Transferee Company may find unacceptable for any reason or Board of the Transferor Company or of the Transferee Company decides otherwise, then they are at liberty to withdraw from the said Scheme.
 - (c) If any part of the said Scheme is found to be unworkable for any reason whatsoever the same shall not, subject to the decision of the Transferor Company and the Transferee Company, affect the validity of or implementation of the other part and/or the provisions of the said Scheme.
- 6.9 Expenses Connected with the said Scheme:

The Transferor Company and the Transferee Company shall bear their respective costs, charges and expenses in relation to or in connection with or incidental to the said Scheme and of carrying out and completing the terms.

For KELLTON TECH SOLUTIONS LIMITED


Director



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