

SCHEME OF ARRANGEMENT FOR

DE-MERGER OF INVESTMENT BUSINESS 1 AND INVESTMENT BUSINESS 2 OF HOPE CONSULTANTS LTD INTO FRONTLINE SECURITIES LTD AND FSL SOFTWARE TECHNOLOGIES LTD, RESPECTIVELY; AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTIONS 391 & 394; 100 to 104 OF THE COMPANIES ACT, 1956

This Scheme of Arrangement is presented under sections 391 & 394; 100 to 104 of the Companies Act, 1956 and other relevant provisions for De-merger and vesting of Investment Business 1 and Investment Business 2 of Hope Consultants Ltd into Frontline Securities Ltd and FSL Software Technologies Ltd, respectively;

A. Parts of the Scheme of De-merger:

This Scheme provides for matters connected with the aforesaid de-merger. Accordingly, this Scheme is divided into the following parts:

- i. **Part-1** which deals with the Definitions and Share Capital;
- ii. **Part-2** which deals with De-merger of Investment Business 1 and Investment Business 2 of Demerged Company into the Resultant Companies No. 1 & 2, respectively;
- iii. **Part-3** which deals with the Accounting Treatment;
- iv. **Part-4** which deals with the General Clauses; and
- v. **Part-5** which deals with Other Terms and Conditions.

A handwritten signature in blue ink is written over a circular purple stamp. The stamp contains the text "FRONTLINE SECURITIES LIMITED" around the top and "New Delhi" at the bottom.

PART 1

DEFINITIONS AND SHARE CAPITAL

DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as under:

- 1.1 **"Act"** means the Companies Act, 1956 (1 of 1956), the Companies Act, 2013 (18 of 2013) and the Rules made there under, as the case may be;
- 1.2 **"Appointed Date"** means commencement of business on 1st April, 2014 or such other date as the Hon'ble High Court(s) may direct.
- 1.3 **"Board of Directors"** in relation to respective Demerged and Resultant Companies, as the case may be, shall, unless it is repugnant to the context or otherwise, include a Committee of Directors or any person authorised by the Board of Directors or such Committee of Directors.
- 1.4 **"Demerged Business 1" or "Investment Business 1"** means Investment Business 1 which is proposed to be de-merged into the Resultant Company No. 1- Frontline Securities Ltd and includes the undertaking comprising of:
 - 1.4.1 All assets (whether movable or immovable, real or personal, corporeal or incorporeal, present future or contingent, tangible or intangible) of the Demerged Business 1 wherever situated pertaining thereto.
 - 1.4.2 All present and future liabilities (including contingent liabilities) arising out of the activities or operations of the Demerged Business 1, including loans, debts, current liabilities and provisions, duties and obligations relatable to the Demerged Business 1.
 - 1.4.3 Without prejudice to the generality of the above, Demerged Business 1 shall include in particular.
 - a. All Investments and all other properties and assets of the Demerged Business 1 wherever situated;
 - b. All rights, entitlements and other statutory permissions, approvals, consents, licenses, registrations, goodwill, intellectual property, investment, cash balances, the benefit of any deposit, financial assets, funds belonging to or proposed to be utilized for the Demerged Business 1, bank balances and bank accounts relating to the day to day operations and specific to the working of the Demerged Business 1; and all other fiscal and non fiscal incentives,



benefits and privileges which are available to or being availed by the Demerged Company or which the Demerged Company may be entitled to at any time for its Demerged Business 1, shall be continued to be available in the Resultant Company No. 1 for the Demerged Business 1 after the proposed Demerger;

- c. All records, files, papers, computer programs, manuals, data and other records, whether in physical form or electronic form in connection with or relating to the Demerged Business 1;
- d. All duties and obligations, which are relatable to the Demerged Business 1;
- e. All advance money, earnest moneys and/or security deposits, bank guarantee, if any, paid or received by the Demerged Company in connection with or relating to the Demerged Business 1;

1.4.4 For the purpose of this scheme, it is clarified that liabilities pertaining to the Demerged Business 1 include:

- a. The liabilities, which arise out of the activities or operations of the Demerged Business 1;
- b. Specific loans and borrowings raised, incurred and utilized solely for the respective activities or operation of the Demerged Business 1;

1.4.5 All employees of the Demerged Company employed in the Demerged Business 1, as identified by the Board of Directors of the Demerged Company, as on the effective Date;

1.4.6 Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Demerged Business 1 or whether it arises out of the activities or operations of the Demerged Business 1 shall be decided by the Board of Directors of the Demerged Company.

Proforma Balance Sheet of the Investment Business 1 of the Demerged Company is set out in **Schedule-1**.

1.5 "Demerged Business 2" or "Investment Business 2" means Investment Division 2 which is proposed to be de-merged into the Resultant Company No. 2- FSL Software Technologies Ltd and includes the undertaking comprising of:

1.5.1 All assets (whether movable or immovable, real or personal, corporeal or incorporeal, present future or contingent, tangible or intangible) of the Demerged Business 2 wherever situated pertaining thereto.



A handwritten signature in blue ink is written over a circular purple stamp. The stamp contains the text "FSL SECURITIES LIMITED" around the top and "Delhi" at the bottom, with a star in the center.

- 1.5.2 All present and future liabilities (including contingent liabilities) arising out of the activities or operations of the Demerged Business 2, including loans, debts, current liabilities and provisions, duties and obligations relatable to the Demerged Business 2.
- 1.5.3 Without prejudice to the generality of the above, Demerged Business 2 shall include in particular.
- a. All Investments and all other properties and assets of the Demerged Business 2 wherever situated;
 - b. All rights, entitlements and other statutory permissions, approvals, consents, licenses, registrations, goodwill, intellectual property, investment, cash balances, the benefit of any deposit, financial assets, funds belonging to or proposed to be utilized for the Demerged Business 2, bank balances and bank accounts relating to the day to day operations and specific to the working of the Demerged Business 2; and all other fiscal and non fiscal incentives, benefits and privileges which are available to or being availed by the Demerged Company or which the Demerged Company may be entitled to at any time for its Demerged Business 2, shall be continued to be available in the Resultant Company No. 2 for the Demerged Business 2 after the proposed Demerger;
 - c. All records, files, papers, computer programs, manuals, data and other records, whether in physical form or electronic form in connection with or relating to the Demerged Business 2;
 - d. All duties and obligations, which are relatable to the Demerged Business 2;
 - e. All advance money, earnest moneys and/or security deposits, bank guarantee, if any, paid or received by the Demerged Company in connection with or relating to the Demerged Business 2;
- 1.5.4 For the purpose of this scheme, it is clarified that liabilities pertaining to the Demerged Business 2 include:
- a. The liabilities, which arise out of the activities or operations of the Demerged Business 2;
 - b. Specific loans and borrowings raised, incurred and utilized solely for the respective activities or operation of the Demerged Business 2;



- 1.5.5 All employees of the Demerged Company employed in the Demerged Business 2, as identified by the Board of Directors of the Demerged Company, as on the effective Date;
- 1.5.6 Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Demerged Business 2 or whether it arises out of the activities or operations of the Demerged Business 2 shall be decided by the Board of Directors of the Demerged Company.

Proforma Balance Sheet of the Investment Business 2 of the Demerged Company is set out in **Schedule-2**.

- 1.6 **"Demerged Business"** means Demerged Business 1 & 2 of the Demerged Company collectively or any one or both of them as the context requires.
- 1.7 **"Demerged Company"** means Hope Consultants Ltd being a company incorporated under the provisions of the Companies Act, 1956, and having its registered office at M-6, 2nd Floor, M Block Market, Greater Kailash-II, New Delhi- 110 048.

The Demerged Company was initially incorporated under the provisions of the Companies Act, 1956 as a Private Limited Company with the name and styles "Hope Consultants Pvt Ltd" vide Certificate of Incorporation No. (CIN) U 74899 DL 1992 PLC 048058 dated 17th March 1992 issued by the Registrar of Companies, Delhi & Haryana, New Delhi. The name of the Company was changed to its present name 'Hope Consultants Ltd' vide Fresh Certificate of Incorporation dated 19th March 2001 issued by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

- 1.8 **"Effective Date"** means the date on which the transfer and vesting of the Demerged Business 1 & 2 of the Demerged Company shall take effect, being the date on which the certified copies of the High Court(s) Order sanctioning the Scheme of Arrangement are filed with the concerned Registrar of Companies.
- 1.9 **"Record Date"** means the date to be fixed by the Board of Directors of the Demerged Company with reference to which the eligibility of the shareholders of the Demerged Company for allotment of shares in the Resultant Companies in terms of this Scheme shall be determined.
- 1.10 **"Remaining Business of the Demerged Company"** means all the undertakings, businesses, activities and operations of the Demerged Company other than the Demerged Business 1 & 2.
- 1.11 **"Resultant Company No. 1"** means **Frontline Securities Ltd** being a company incorporated under the provisions of the Companies Act, 1956, and having its registered office at M-6, 2nd Floor, M Block Market, Greater Kailash-II, New Delhi 110 048.



8

The Resultant Company No. 1 was incorporated under the provisions of the Companies Act, 1956, as a public limited company vide Certificate of Incorporation No. (CIN) L 74899 DL 1994 PLC 058837 dated 5th May 1994 issued by the Registrar of Companies, Delhi and Haryana, New Delhi. The Company obtained Certificate for Commencement of Business on 18th May, 1994.

- 1.12 "Resultant Company No. 2"** means **FSL Software Technologies Ltd** being a company incorporated under the provisions of the Companies Act, 1956, and having its registered office at M-6, 2nd Floor, M Block Market, Greater Kailash-2, New Delhi - 110 048.

The Resultant Company No. 2 was initially incorporated under the provisions of the Companies Act, 1956 as a Private Limited Company with the name and styles "Budha Floriculture Pvt Ltd" vide Certificate of Incorporation No. (CIN) U 74899 DL 1994 PLC 063182 dated 5th December, 1994 issued by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi. The Company was converted into a public limited company and name of the Company was changed to Budha Floriculture Ltd vide Fresh Certificate of Incorporation dated 10th March, 2003 issued by the ROC, New Delhi. The name of the Company was changed to its present name 'FSL Software Technologies Ltd' vide Fresh Certificate of Incorporation dated 27th May 2003 issued by the Registrar of Companies, ROC, New Delhi.

- 1.13 "Resultant Companies"** means Frontline Securities Ltd and FSL Software Technologies Ltd, collectively or any one or both of them as the context requires.

- 1.14 "Scheme"** means the present Scheme of Arrangement framed under the provisions of sections 391 & 394; 100 to 104 of the Companies Act, 1956, and other applicable provisions, if any, where under Investment Business 1 and Investment Business 2 of the Demerged Company are proposed to be de-merged into the Resultant Companies No. 1 & 2, respectively, in the present form or with any modification(s) approved or imposed or directed by Members/Creditors of the respective Companies and/or by any competent authority and/or by the Hon'ble High Court(s).

1.15 SHARE CAPITAL

- 1.15.1** The present Authorised Share Capital of the Demerged Company is Rs. 1,00,00,000 divided into 10,00,000 Equity Shares of Rs. 10 each. The Present Issued, Subscribed and Paid-up Capital of the Company is Rs. 73,32,450 divided into 7,33,245 Equity Shares of Rs. 10 each.
- 1.15.2** The present Authorised Share Capital of the Resultant Company No. 1 is Rs. 10,00,00,000 divided into 1,00,00,000 Equity Shares of Rs. 10 each. The present Issued, Subscribed and Paid-up Share Capital of the Company is Rs. 7,18,66,890 divided into 71,86,689 Equity Shares of Rs. 10 each.



9

- 1.15.3 The present Authorised Share Capital of the Resultant Company No. 2 is Rs. 1,00,00,000 divided into 10,00,000 Equity Shares of Rs. 10 each. The present Issued, Subscribed and Paid-up Share Capital of the Company is Rs. 92,13,950 divided into 9,21,395 Equity Shares of Rs. 10 each.
- 1.15.4 Equity Shares of the Resultant Company No. 1 are listed on Bombay Stock Exchange (BSE). However, the Demerged Company and the Resultant Company No. 2 are closely held un-listed companies.
- 1.15.5 The Demerged Company and the Resultant Company No. 1 are Non Banking Financial Companies (NBFCs) registered with the Reserve Bank of India (RBI). The Resultant Company No. 2 is engaged in software development and IT enabled services.

A handwritten signature in blue ink is written over a circular purple stamp. The stamp contains the text "FRONTLINE SECURITIES LIMITED" around the top and "New Delhi" at the bottom.

PART 2

De-merger of Investment Business 1 and Investment Business 2 of the Demerged Company into the Resultant Companies No. 1 & 2, respectively

- 2.1** With effect from the commencement of business on 1st April, 2014, i.e., the Appointed Date, subject to the provisions of the Scheme in relation to the modalities of transfer and vesting, Demerged Business 1 & 2 of the Demerged Company, as defined in Clause 1.4 & 1.5 shall stand transferred to and vested in or deemed to be transferred to and vested in the Resultant Companies No. 1 & 2 respectively, as a going concern, in the following manner;
- 2.1.1** The whole of the undertaking and properties of Demerged Business 1 & 2 of the Demerged Company shall, without any further act or deed or without payment of any duty, stamp duty, or other charges, stand transferred to and vested in or be deemed to be transferred to and vested in the Resultant Companies No. 1 & 2 respectively, pursuant to the provisions contained in sections 391 and 394 of the Act and all other applicable provisions, if any, and so as to vest in the Resultant Companies No. 1 & 2 respectively, for all rights, title and interest pertaining to the Demerged Business 1 & 2 of the Demerged Company.
- 2.1.2** All debts, liabilities, contingent liabilities, duties and obligations of every kind nature and description of the Demerged Company relating to the Demerged Business 1 & 2 shall also, under the provisions of Sections 391 and 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to the Resultant Companies No. 1 & 2 respectively, so as to become the debts, liabilities, contingent liabilities, duties and obligations of the Resultant Companies No. 1 & 2 respectively, and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.
- 2.1.3** All licenses, permissions, approval, consents or NOCs given by various government and other competent authorities to the Demerged Company in relation to the Demerged Business 1 & 2 or otherwise held by the Demerged Company to implement/carry on the Demerged Business 1 & 2 shall stand vested in or transferred to the Resultant Companies No. 1 & 2 respectively, without any further act or deed, and shall be appropriately mutated by the authorities concerned therewith in favour of the Resultant Companies No. 1 & 2 respectively. The benefit of all statutory and regulatory permissions, registration or other licenses, and consents shall vest in and become



FRONTLINE LIMITED
New Delhi

available to the Resultant Companies No. 1 & 2 respectively, pursuant to the Scheme.

- 2.1.4 The transfer and vesting of the Demerged Business 1 & 2 as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof pertaining to the Demerged Business 1 & 2 to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of Demerged Business 1 & 2.
- 2.1.5 Without prejudice to the generality of the provisions contained in aforesaid clauses, upon the Scheme becoming effective, the Demerged Company and Resultant Companies will file requisite form(s) with the Registrar of Companies for creation, modification and/or satisfaction of charge(s), to the extent required, to give effect to the provisions of this Scheme.

2.2 Issue of Shares by the Resultant Companies

- 2.2.1 Upon the Scheme finally coming into effect and in consideration of de-merger and vesting of the Demerged Business 1 & 2 of the Demerged Company into the Resultant Companies No. 1 & 2 respectively, in terms of this Scheme, the Resultant Companies No. 1 & 2 respectively, shall, without any further application or deed, issue and allot Share(s), to the Members of the Demerged Company whose names appear in the Register of Members as on Record Date, in the following ratio:
- a. The Resultant Company No. 1- Frontline Securities Ltd will issue 6 (six) Equity Shares of Rs. 10 each, credited as fully paid-up, to the shareholders of the Demerged Company for every 1 (one) Equity Share of Rs. 10 each held in the Demerged Company.
 - b. The Resultant Company No. 2- FSL Software Technologies Ltd will issue 4 (four) Equity Shares of Rs. 10 each, credited as fully paid-up, to the shareholders of the Demerged Company for every 1 (one) Equity Share of Rs. 10 each held in the Demerged Company.
- 2.2.2 Any fraction of share arising out of the aforesaid share exchange process, if any, will be rounded off to nearest whole number.
- 2.2.3 The Equity Shares to be issued in terms of clause 2.2.1 above shall be subject to the provisions of the Memorandum and Articles of Association of the Resultant Companies No. 1 & 2, respectively. The new Equity Shares to be issued by the Resultant Companies No. 1 & 2 shall rank pari passu in all respects, including dividend, with the existing Equity Shares of the Resultant Companies No. 1 & 2, respectively.



The block contains a handwritten signature in blue ink and a circular purple stamp. The stamp reads "FRONTLINE SECURITIES LIMITED" around the top and "New Delhi" at the bottom.

- 2.2.4 The issue and allotment of Shares by the Resultant Companies No. 1 & 2, as provided in this Scheme, is an integral part thereof. The members and other securities holders of the Resultant Companies No. 1 & 2, on approval of the Scheme, shall be deemed to have given their approval under section 81(1A) of the Companies Act, 1956, sections 42 & 62 of the Companies Act, 2013, and other applicable provisions, if any, for issue of fresh Equity Shares and other securities, if any, in terms of this Scheme.
- 2.2.5 It is, however, clarified that provisions of this Scheme with regard to issue of shares by the Resultant Companies No. 1 & 2 will not apply to the share application money, if any, which may remain outstanding in these Companies.
- 2.2.6 Demerged Business 1 & 2 of the Demerged Company may consist of cross shareholding of shares among Demerged Company and/or the Resultant Companies No. 1 & 2 respectively. Any such cross holding of shares, on the record date, if any, shall stand cancelled. Approval of this Scheme by the Shareholders and/or Creditors of the Demerged Company and the Resultant Companies No. 1 & 2 respectively, as the case may be, and sanction by the concerned High Court(s) under section 391 and 394 of the Companies Act, 1956, shall be sufficient compliance with the provisions of sections 100 to 104 of the Companies Act, 1956, rule 85 of the Companies (Court) Rules, 1959, and other applicable provisions, if any, relating to the reduction of share capital on cancellation of cross holding, if any. Such reduction would not involve either the diminution of any liability in respect of un-paid share capital or the payment to any shareholder of any paid-up share capital, and accordingly, the provisions of section 101(2) of the Act will not be applicable.
- 2.2.7 The reduction of the paid up capital, reserves & surplus, etc., as the case may be, of the Demerged Company on de-merger shall be effected as an integral part of the Scheme only. Approval of this Scheme by the Shareholders and/or Creditors of the Demerged Company and the Resultant Companies No. 1 & 2 respectively, as the case may be, and sanction by the concerned High Court(s) under section 391 and 394 of the Companies Act, 1956, shall be sufficient compliance with the provisions of sections 100 to 104 of the Companies Act, 1956, rule 85 of the Companies (Court) Rules, 1959, and other applicable provisions, if any, relating to the reduction of paid up capital and reserves & surplus of the Demerged Company, if any. The Order of the concerned High Court(s) sanctioning the Scheme shall be deemed to be also the Order under section 102 of the Act for the purpose of confirming the reduction. Such reduction would not involve either the diminution of any liability in respect of un-paid share capital or the payment to any shareholder of any paid-up share capital, and accordingly, the provisions of section 101(2) of the Act will not be applicable.



Handwritten signature and circular stamp of FREEDLINE SECURITIES LIMITED, New Delhi.

- 2.2.8 Save as provided in this Scheme, the Resultant Companies No. 1 & 2 shall increase/modify their Authorized Share Capital for implementing the terms of the Scheme, to the extent necessary.

A handwritten signature in blue ink is written over a circular purple stamp. The stamp contains the text "FRONTLINE SECURITIES LIMITED" around the top and "New Delhi" at the bottom.

PART 3

ACCOUNTING TREATMENT

Upon the Scheme becoming effective, De-merger of Investment Business 1 and Investment Business 2 of Demerged Company into Resultant Companies No. 1 & 2, respectively will be accounted in the following manner:

3.1 In the books of the Demerged Company

- 3.1.1 All the assets and liabilities pertaining to the Demerged Business 1 & 2 (difference between the assets and liabilities hereinafter referred to as "Net Assets"), which cease to be the assets and liabilities of the Demerged Company, will be reduced from the books of accounts of the Demerged Company at their respective book values.
- 3.1.2 The difference between the book value of the assets transferred over the book value of the liabilities transferred (Net Assets) on de-merger will be adjusted in the reserves and surplus in the books of the Demerged Company. Any balance amount left, if any, will be debited to Goodwill account.

3.2 In the books of the Resultant Companies No. 1 & 2

- 3.2.1 The respective Resultant Companies No. 1 & 2 shall record the assets and liabilities (difference between the assets and liabilities hereinafter referred to as "Net Assets") pertaining to the respective Demerged Business 1 & 2 vested in them pursuant to this Scheme, at the respective book values as appearing in the books of the Demerged Company as on the Appointed Date.
- 3.2.2 The respective Resultant Companies No. 1 & 2 shall credit to its Share Capital Account, in its books of account, the aggregate face value of the new Equity Shares issued by each of them to the Shareholders of the Demerged Company pursuant to clause 2.2.1 of this Scheme.
- 3.2.3 Any difference between the Net Assets and the face value of new Equity Shares issued shall be credited to the Capital Reserve Account or debited to Goodwill Account, as the case may be, in the books of the respective Resultant Companies No. 1 & 2.



PART 4

GENERAL CLAUSES

4.1 CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

4.1.1 With effect from the Appointed Date:

- a.** The Demerged Company, in relation to the Demerged Business, shall carry on and be deemed to have carried on the business and activities and shall possessed of their properties and assets for and in trust of the Resultant Companies No. 1 & 2, respectively and all the profits/losses accruing, shall for all purposes be treated as profits/losses of Resultant Companies No. 1 & 2, respectively.
- b.** The Demerged Company, in relation to the Demerged Business, shall not without the prior written consent of the Board of Directors of the Resultant Companies No. 1 & 2 respectively or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of any undertaking or any part thereof except in the ordinary course of its business.

4.2 STAFF, WORKMEN AND EMPLOYEES

- 4.2.1** On the Scheme becoming effective, all staff, workmen and employees of the Demerged Company, in relation to the Demerged Business, in service on the Effective Date, shall become and deemed to have become staff, workmen and employees of the Resultant Companies No. 1 & 2, respectively on such date without any break or interruption in their service and on the basis of continuity of service, and upon terms and conditions not less favorable than those applicable to them with reference to the Demerged Company, in relation to the Demerged Business, on the Effective Date.
- 4.2.2** It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund and any other special fund or trusts created or existing for the benefit of the staff, workmen and employees of the Demerged Company, in relation to the Demerged Business, for 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 respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Demerged Company, in relation to the Demerged Business, in relation to such fund or funds shall become those of the Resultant Companies No. 1 & 2, respectively. It is clarified that the services of the staff, workmen and employees of the Demerged Company, in relation

to the Demerged Business, will be treated as having been continuous for the purpose of the aforesaid funds or provisions.

4.3 LEGAL PROCEEDINGS

- 4.3.1 All legal proceedings of whatever nature by or against the Demerged Company pending and/or arising on or after the Appointed Date and relating to the Demerged Company, in relation to the Demerged Business, shall not abate or be discontinued or be, in any way, prejudicially affected by reason of the Scheme or by anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Resultant Companies No. 1 & 2, respectively in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company, in relation to the Demerged Business, as if the Scheme had not been made.
- 4.3.2 The Resultant Companies No. 1 & 2, respectively undertakes to have all legal or other proceedings initiated by or against the Demerged Company, in relation to the Demerged Business, referred to in clause 4.3.1 above transferred into its name respectively and to have the same continued, prosecuted and enforced by or against the Resultant Companies No. 1 & 2, respectively to the exclusion of the Demerged Company, in relation to the Demerged Business.
- 4.3.3 The Resultant Companies No. 1 & 2, respectively undertake to indemnify and save harmless the Demerged Company, to the fullest extent lawful from and against all third party actions, suits, claims, proceedings, costs, damages, judgments, amounts paid in settlement and expenses (including reasonable attorney fees) relating to or arising out of, any acts or omissions of the Demerged Company (and its respective past, present and future affiliates, shareholders, partners, agents, directors, officers, employees, representatives, advisors, attorneys, successors, heirs, executors, administrators and assigns), relating to, or in pursuance of, or arising from:
- a. the filing, approval and implementation of the actions contemplated in this Scheme, or
 - b. all legal proceedings in relation to the Demerged Business whether subsisting on the Appointed Date or arising thereafter.

4.4 CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 4.4.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature, to which the Demerged Company, in relation to the Demerged Business, is a party, subsisting or having effect on



the Effective date, shall remain in full force and effect and shall stand assigned/novated in favour of the Resultant Companies No. 1 & 2 respectively, may be enforced by or against the Resultant Companies No. 1 & 2, respectively as fully and effectually as if, instead of the Demerged Company, in relation to the Demerged Business, the Resultant Companies No. 1 & 2, respectively had been a party thereto.

- 4.4.2 It is expressly clarified that consent of the counterparties shall not be separately required for assignment of such contracts etc in favour of Resultant Companies No. 1 & 2, respectively.
- 4.4.3 Resultant Companies No. 1 & 2 shall be respectively obligated to fulfill all the obligations and covenants of aforesaid contracts, deeds, bonds, agreements and instruments in relation to the Demerged Business and indemnify and save harmless the Demerged Company, to the fullest extent lawful from and against all third party actions, suits, claims, proceedings, costs, damages, judgments, amounts paid in settlement and expenses (including reasonable attorney fees) relating to or arising out of, any such contracts etc, whether in relation to any acts or omissions there under committed by the Demerged Company or the Resultant Companies No. 1 & 2 (and its respective past, present and future affiliates, shareholders, partners, agents, directors, officers, employees, representatives, advisors, attorneys, successors, heirs, executors, administrators and assigns), prior to the Appointed Date or thereafter.

4.5 PERMISSIONS

Any statutory licenses, permissions, approvals or consents to carry on the operations of the Demerged Company, in relation to the Demerged Business, shall stand vested in or transferred to the Resultant Companies No. 1 & 2, respectively without any further act or deed and shall be appropriately mutated by the Statutory Authorities concerned in favour of the Resultant Companies No. 1 & 2, respectively upon the vesting and transfer of the Undertakings pursuant to this Scheme. The benefit and obligations of all statutory and regulatory permissions, licenses, environmental approvals and consents, sales tax registrations or other licenses and consents shall vest in and become available to the Resultant Companies No. 1 & 2, respectively pursuant to this Scheme. In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Demerged Company, in relation to the Demerged Business, are concerned, the same shall vest with and be available to the Resultant Companies No. 1 & 2 respectively on the same terms and conditions. It is specifically clarified that all the excise concessions, exemptions, benefits in terms of the Central Excise Act, 1944, Notifications, Circulars, Orders, Trade Notices, Guidelines, Clarifications and/or other Communications issued by the any appropriate competent authority; Income Tax holiday including benefits under Chapter VIA of the Income



ANLINE SECURITIES LIMITED
New Delhi

Tax Act, 1961; sales tax exemptions and benefits under the Central Sales Tax Act, 1956 and other local sales tax laws; and all other fiscal and non fiscal incentives, benefits and privileges which are available to or being availed by the Demerged Company or which the Demerged Company may be entitled to at any time for its Demerged Business, shall be continued to be available in the Resultant Companies No. 1 & 2, respectively for the Demerged Business after the proposed Demerger;

4.6 SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of The Demerged Business into the Resultant Companies No. 1 & 2, respectively as above and the continuance of proceedings by or against the Resultant Companies No. 1 & 2, respectively shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date, to the end and intent that the Resultant Companies No. 1 & 2, respectively accepts and adopts all acts, deeds and things done and executed by the Demerged Company, in relation to the Demerged Business, in respect thereto as done and executed on behalf of the Resultant Companies No. 1 & 2, respectively.

4.7 OPERATIVE DATE OF THE SCHEME

This Scheme, though operative from the Appointed Date, shall be effective from the Effective Date.

4.8 REMAINING BUSINESS OF THE DEMERGED COMPANY

Remaining Business of the Demerged Company to continue with Demerged Company

- 4.8.1 The Remaining Business of the Demerged Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.
- 4.8.2 All legal and other proceedings by or against the 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 Effective Date and relating to the Remaining Business of the Demerged Company (Including those relating to any property, right power, liability, obligation or duty, of the Demerged Company in respect of the Remaining Business of the Demerged Company) shall be continued and enforced by or against the Demerged Company.
- 4.8.3 With effect from the Appointed Date and including the Effective Date:
 - a. The Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities



19

relating to the Remaining Business of the Demerged Company for and its own behalf;

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

A handwritten signature in blue ink is written over a circular purple stamp. The stamp contains the text "KPMV SECURITIES LIMITED" around the top and "New Delhi" at the bottom.

PART 5

OTHER TERMS AND CONDITIONS

5.1 APPLICATION TO HIGH COURTS

5.1.1 The Demerged Company shall make joint/separate application(s)/petition(s) under the provisions of sections 391 & 394; 100 to 104 of the Companies Act, 1956, the Companies (Court) Rules, 1959 and other applicable provisions, if any, to the concerned High Court for sanctioning of this Scheme and other connected matters.

5.1.2 The Resultant Companies No. 1 & 2 shall also make joint/separate application(s)/petition(s) under the provisions of sections 391 & 394; 100 to 104 of the Companies Act, 1956, the Companies (Court) Rules, 1959 and other applicable provisions, if any, to the concerned High Court for sanctioning of this Scheme and other connected matters.

5.2 In terms of the SEBI Circular dated 4th February, 2013 read with Circular dated 21st May, 2013, the Scheme is required to be approved by the Shareholders of the Listed Resultant Company No. 1 through postal ballot and e-voting or in any other manner, as may be prescribed. The Scheme will be acted upon only if the votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders against it.

5.3 MODIFICATIONS/AMENDMENTS TO THE SCHEME

5.3.1 The Demerged Company and the Resultant Companies No. 1 & 2 through their respective Board of Directors may make or assent, from time to time, on behalf of all persons concerned, to any modifications or amendments to this Scheme or to any conditions or limitations which the Court(s) and/or any authorities under the law may deem fit to approve of or impose and to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters and things necessary for carrying the Scheme into effect.

5.3.2 In order to give effect to this Scheme or to any modifications or amendments thereof, the Board of Directors of the Demerged Company may give and are authorised to give all such directions as may be necessary including directions for settling any question, doubt or difficulty that may arise.

5.3.3 The Demerged Company and/or the Resultant Companies No. 1 & 2 shall be at liberty to withdraw from this Scheme in case any condition, alteration or modification, imposed or suggested by the Court(s) or any other competent authority, is not acceptable to them; or as may otherwise be deemed fit or proper by any of



these Companies. The Demerged Company and/or the Resultant Companies will not be required to assign the reason for withdrawing from this Scheme.

5.4 INTERPRETATION

If any doubt or difference or issue arises between the Demerged Company and the Resultant Companies No. 1 & 2 or any of their Shareholders or Creditors and/or any other person as to the construction hereof or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to Mr Rajeev K Goel, LL.B., FCS, Advocate, 785, Pocket-E, Mayur Vihar II, NH-24, Delhi 110 091, Phone 93124 09354, 011-2277 3618, e-mail: rajeev391@gmail.com, whose decision shall be final and binding on all concerned.

5.5 EXPENSES CONNECTED WITH THE SCHEME

All costs, charges and expenses incurred in relation to or in connection with this Scheme or incidental to the completion of the De-merger in pursuance of this Scheme, shall be borne and paid by the Demerged Company. However, in the event of the Scheme becoming invalid for any reason whatsoever, all costs, charges and expenses relating to the de-merger exercise or incidental thereto shall be borne and paid by the respective Companies incurring the same.



Schedule-1 to the Scheme of Arrangement

Performa Balance Sheet of Demerged Business No. 1, to be demerged into the Resultant Company No. 1- Frontline Securities Ltd as on 31st March, 2014

Particulars	Amount (Rs. in Lacs)
ASSETS	
Non-Current Investments	
Investment in quoted shares	52.29
Investment in Mutual Funds	246.80
Investments in Bonds	149.01
Sub-total (Non Current Investments) [A]	448.10
Current Assets	
Short-term loans and advances	139.98
Sub-total (Current Assets) [B]	139.98
Investment in the Resultant Company No. 1 - Frontline Securities Ltd	
33,15,043 equity shares of a face value of Rs. 10 each [C]	399.82
Net Assets [A+B+C]	987.90



Schedule-2 to the Scheme of Arrangement

Performa Balance Sheet of Demerged Business No. 2, to be demerged into the Resultant Company No. 2- FSL Software Technologies Ltd as on 31st March, 2014

Particulars	Amount (Rs. in Lacs)
ASSETS	
Non-Current Investments	
Investment in Mutual Funds	137.38
Sub-total (Non Current Investments) [A]	137.38
Current Assets	
Investment in Mutual Funds	313.89
Sub-total (Current Assets) [B]	313.89
Investment in the Resultant Company No. 2 - FSL Software Technologies Ltd	
4,21,395 equity shares of a face value of Rs. 10 each [C]	84.28
Net Assets [A+B+C]	535.55

