

**SCHEME OF ARRANGEMENT AND AMALGAMATION
(UNDER SECTION 230-232 READ WITH SECTION 66 AND OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013 AND THE RULES FRAMED THEREUNDER)**

AMONGST

**ARCALIS TECHNOLOGIES PRIVATE LIMITED
("TRANSFEROR COMPANY")**

AND

**NIHILENT LIMITED
("TRANSFeree COMPANY")**

AND

THEIR RESPECTIVE SHAREHOLDERS

PREAMBLE

A. Description of Companies

1. Arcalis Technologies Private Limited (hereinafter referred as “**Arcalis**” or “**Transferor**”) is a private limited company incorporated under the Companies Act, 2013 in the State of Maharashtra. The Corporate Identity Number (CIN) of Arcalis is U72900PN2023PTC217747. The registered office of Arcalis is located at Sumol, Plot No. 27/B, Manmohan Society, Lane # 1, Near Sahwas Society, Karve Nagar, Pune - 411052, Maharashtra, India. The main objects of Arcalis as per its memorandum of association are as follows:

“1. To carry out business of Software Development, Information Technology Enabled Services, data analytics, data modeling, data mining, Management Consultancy, recruit, hire persons of different IT Skills and impart formal training, Data Assessment Studies, Business Processes, Digital Transformation Services, IT Consulting and activities relating thereto within and outside India and to provide on-going software support and maintenance to various customers by offering strategic innovative ideas driven critical business solutions and support including managing of networks and data centers.

2. To provide Internet of Things (IOT) services from the edge to the cloud for all layers of security including preventive security mechanisms such as encryption and access control to device data and to continuously monitor and audit security configurations so as to mitigate potential issues and collection of required data and make this analysis for facilitating integration of industrial, consumer and commercial solutions from time to time within and outside India.

3. To advice, design, improve, upgrade block chain technology to be used as miners and concept of proof of work in order to process and validate transactions on network.

4. To develop, promote and/or implement artificial intelligence, machine learning and other ultra modern tools for various needs of different customers, Entrepreneur Resource Planning (ERP) Projects and related activities within and outside India.

5. To design, develop, maintain and implement computer networks such as Local Area Networks (LAN), Wide Area Networks (WAN), Virtual Private Networks (VPN), Wireless Networks and related activities within and outside India.

6. To design, develop, maintain and implement computer security, network security, Internet security, server security, firewalls and related activities within and outside India.”

2. Nihilent Limited (hereinafter referred as “**Nihilent**” or “**Transferee**”) is a public limited company incorporated under the Companies Act, 1956 in the State of Maharashtra. The Corporate Identity Number (CIN) of Nihilent is U72900PN2000PLC014934. The registered office of Nihilent is located at Office No. 403 & 404, 4th Floor, Weikfield IT Citi Infopark, Nagar Road, Pune - 411014, Maharashtra, India. The main object of Nihilent as per its memorandum of association is as follows:

“1. To undertake development of software and all software related services and activities relating to Internet and Information Technology within and outside India and to provide on going software support to various Global Customers, in particular, by offering Strategic Responsibility Management with innovative ideas driven eEnterprise business solutions all the way through to Business Critical Solutions & support, including managing networks, data centres and hosting.”

The Transferor/Arcalis and the Transferee/Nihilent may hereinafter collectively be referred to as the “**Parties**” and individually as a “**Party**”.

B. Rationale for the Scheme of Arrangement and Amalgamation

3. The Transferor Company is the Holding Company of Transferee Company and forms part of the same group. The amalgamation of Arcalis into Nihilent, as contemplated under this Scheme, intends to achieve restructuring, consolidation and streamlining of Arcalis & Nihilent (Nihilent being the subsidiary of Arcalis). It is desirable to combine them into a single entity to achieve a streamline of group structure by reducing the number of legal entities in the group and avoid duplication of work and efforts. The restructuring, consolidation and streamlining pursuant to this Scheme intends to achieve the following key objectives/benefits:
 - (i) Streamlining operations, efforts, employees, costs and enable better and more efficient management, control and day to day operations and reducing overheads, administrative, and other expenditure and achieving operational rationalization, organizational efficiency and optimal utilization of resources which will be in the interest of shareholders, employees, creditors and other stakeholders, post the implementation of the Scheme;
 - (ii) Consolidating the Transferor and the Transferee (a subsidiary of the Transferor) and as a result of such consolidation reducing the layer of entities, post the implementation of the Scheme;
 - (iii) Eliminating multiple accounting, multiple compliances and multiple auditing, i.e. at the level of both the Transferor and the Transferee, resulting in reduction of costs, post the implementation of the Scheme;
 - (iv) Pooling in administrative synergies and know-how of Arcalis within and into Nihilent, post the implementation of the Scheme;
 - (v) Attracting and facilitating investors, strategic partners and other stakeholders who may be interested in investing in the consolidated business as a whole and overall offering a better investment opportunity to potential investors resulting in a greater market for Nihilent, post the implementation of the Scheme;
 - (vi) Simplifying the decision making in respect of the Transferor and the Transferee at one consolidated level, post the implementation of the Scheme.
4. Accordingly, in order to achieve the above key objectives, the respective Boards of Directors of the Parties have resolved to make requisite applications and/or petitions before the Hon'ble National Company Law Tribunal/ Governmental Authority (as defined hereinafter) as the case may be and as applicable under Section 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013, the rules framed thereunder and other applicable provisions for the sanction of this Scheme.
5. Pursuant to the Scheme, in accordance with Section 2(1B) of the Income-tax Act, 1961, the Transferor shall merge and amalgamate with the Transferee. This Scheme has been drawn up to comply with the conditions relating to "amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961, such that the modification does not affect other parts of the Scheme.

I. PARTS OF THE SCHEME

The Scheme is divided into the following parts:

- (i) Part A deals with the definitions and share capital of the relevant companies, being the Transferor and the Transferee;

- (ii) Part B deals with the amalgamation of Arcalis into Nihilent;
- (iii) Part C deals with general terms and conditions that would be applicable to the Scheme.

The Scheme also provides for matters consequential, incidental or otherwise integrally connected herewith.

PART A DEFINITION AND SHARE CAPITAL OF THE COMPANIES

1. DEFINITIONS

“Appointed Date” means start of business hours in Pune, India on April 01, 2024.

“Applicable Law” means and includes any applicable central, provincial, local or other law including all applicable provisions of all (i) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any authority, statutory authority, court, tribunal having jurisdiction over the Parties; (ii) Permits; and (iii) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any authority having jurisdiction over the Parties;

“Board of Directors” or **“Board”** means and includes the respective Boards of Directors of each or both of the Transferor and Transferee, as the context may require, and shall include a committee duly constituted and authorized thereby for the purpose of matters pertaining to the Scheme and/or any other consequential or incidental matter in relation thereto;

“Clause” means the relevant/ concerned clauses of the Scheme and of the relevant part of the Scheme as the context may require;

“Companies Act” or **“Act”** means the Companies Act, 2013, the rules and regulations framed thereunder including any statutory modifications, amendments or re-enactments thereof from time to time;

“Effective Date” shall mean a date on which all the conditions (taken together) specified under Clause 18 of this Scheme stands satisfied;

“Encumbrance” or **“Encumbrances”** shall have the meaning as ascribed in Clause 4.20;

“Funds” has the same meaning as ascribed in Clause [11.2];

“Governmental Authority” means any governmental authority including, without limitation, the RoC, Ministry of Corporate Affairs, the Regional Director or any other relevant authority approving the Scheme, as the case may be;

“INR” means Indian Rupee, the lawful currency of the Republic of India;

“National Company Law Tribunal” or **“NCLT”** means the National Company Law Tribunal, Mumbai including its benches having jurisdiction over and in relation to the Transferor and the Transferee;

“**Parties**” has the same meaning as ascribed in the Preamble;

“**Permits**” means and includes all consents, licences, permits, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory or otherwise including those required under Applicable Laws;

“**Person**” means and includes an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization;

“**RoC**” means the Registrar of Companies having jurisdiction over the Transferor and the Transferee;

“**Scheme**” or “**the Scheme**” or “**this Scheme**” means this Scheme of Arrangement and Amalgamation in its present form along with any modification(s) and/or amendment(s) made under Clause 17 of the Scheme as approved or directed by the NCLT or Governmental Authority (if applicable), as the case may be, as applicable; and

“**Transferee**” has the same meaning as ascribed in the Preamble;

“**Transferor**” has the same meaning as ascribed in the Preamble;

“**Transferor’s Shareholding in Nihilent**” has the same meaning as ascribed in Clause 5.5.

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 Companies Act and other applicable laws, rules, regulations, bye-laws, as the case may be, or any statutory modification or re-enactment thereof from time to time.

2. **DATE OF TAKING EFFECT OF THE SCHEME**

The Scheme as set out herein in its present form along with any modification(s) and/or amendments(s) made under Clause 17 of the Scheme, approved or imposed or directed by the NCLT/Governmental Authority as the case may be, as applicable, shall be effective from the Appointed Date and be operative from the Effective Date.

3. **SHARE CAPITAL OF THE COMPANIES**

The share capital of Parties as on the date of approval of this Scheme by the respective Board of Directors is as set out below:

(i) Share capital of Arcalis is as under:

Particulars	Amount in INR
<u>Authorised share capital</u>	
50,000 Equity Shares of INR 10 each	

	500,000
<u>Subscribed and fully paid-up share capital</u>	
1,000 Equity Shares of INR 10 each fully paid	10,000

(ii) Share capital of Nihilent is as under:

Particulars	Amount in INR
<u>Authorised share capital</u>	
73,000,000 equity shares of INR 10 each; and	730,000,000
<u>Subscribed and fully paid-up share capital</u>	
19,965,800 equity shares of INR 10 each	199,658,000

PART B AMALGAMATION OF ARCALIS INTO NIHILENT

4. TRANSFER AND VESTING

Transfer of Assets

- 4.1 With effect from the Appointed Date, Arcalis shall without any further act, instrument or deed, be and stand amalgamated, merged and transferred to and vested in or be deemed to be amalgamated, merged and transferred to and vested in Nihilent, as a going concern, so as to vest in Nihilent, all the rights, titles and interests of Arcalis pursuant to the provisions of Sections 230 to 232 of the Act and pursuant to the orders of the NCLT/Governmental Authority as the case may be, as applicable for sanctioning this Scheme.
- 4.2 In respect of such assets and properties of Arcalis (as are movable in nature) which are or are otherwise capable of passing by manual delivery or by endorsement and delivery including cash in hand, shall on and from the Appointed Date be transferred or stand vested and recorded pursuant to this Scheme and be deemed to be transferred to or vested in Nihilent without requiring any deed or instrument of conveyance for the same and shall become the property and an integral part of Nihilent. The vesting pursuant to this clause shall be deemed to have occurred by manual delivery or endorsement, as may be appropriate to the property being transferred or vested and title to the property shall be deemed to have been transferred and vested accordingly.
- 4.3 In respect of movable assets of Arcalis, other than those specified in Clause 4.2 above, including, sundry debtors, outstanding loans, rights, title and interests pursuant to any contractual agreements including agreements for lease or license of the properties, investments in shares, mutual funds, bond or other securities, recoverable in cash or in kind or value to be received, bank balances and deposits with Government, bodies, customers (if any), the same shall on and from the Appointed Date stand transferred to and vested in Nihilent and be deemed to be transferred to and vested in Nihilent without any requirement to provide notice or other intimation to such Party, debtors or depositors, as the case may be. Nihilent may, although it is not obliged, give notice in such form as it may deem fit and proper to each

Party, debtors or depositors, as the case may be, that pursuant to the orders of the NCLT/Governmental Authority, as the case may be, sanctioning the Scheme, the said debts, loans, advances, etc., on and from the Appointed Date, be paid or made good or held on account of Nihilent as the person entitled thereto and the right of Arcalis to recover or realize the same stands extinguished. Nihilent may, if required, give notice in such form as it may deem fit and proper to each Person, debtor or depositor that pursuant to the orders of the NCLT/Governmental Authority, as the case may be, sanctioning the Scheme, the said debts, loans, advances, etc., on and from the Appointed Date, the said debtor or depositor should pay the said debt loan, advance or make good the same or hold the same to its account and that the rights of Nihilent to recover or realize the same are in substitution of the rights of Arcalis.

- 4.4 In respect of assets belonging to Arcalis that require execution of separate documents to effect transfer, the required Party will execute the necessary documents, as and when required after the Effective Date. For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that in so far as the immovable properties (if any) comprised in Arcalis are concerned, the Parties shall register the true copy of the orders of the NCLT/Governmental Authority, as the case may be, sanctioning the Scheme, with the offices of the relevant Governmental Authority having jurisdiction over such immovable property and shall also execute and register, as required, such other documents which may be necessary in this regard.
- 4.5 With effect from the Appointed Date and upon the Effective Date, all unavailed credits and exemptions including any input credits, margin money, retention money, deposit with statutory authorities, other deposits and benefit of carried forward losses (if any) and other statutory benefits, including in respect of income tax (including minimum alternate tax (“MAT”)), State Goods and Services Tax (“SGST”), Integrated Goods and Services Tax (“IGST”) and Central Goods and Services Tax (“CGST”) under Goods and Services Tax (“GST”) laws, CENVAT, customs, VAT, sales tax, service tax etc. to which Arcalis are entitled to, shall be available to and vest in Nihilent without any further act or deed.
- 4.6 All the licenses, Permits, quotas, contracts (together with all non-compete covenants), approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims including any claim under any subsisting insurance policies, leases (if any), tenancy rights (if any), liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by Arcalis and all rights and benefits that have accrued or which may accrue to Arcalis whether before or after the Appointed Date, shall, under the provisions of Sections 230 to 232 and all other applicable provisions of the Act, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vested in or be deemed to be transferred to and vested in and be available to Nihilent so as to become as and from the Appointed Date, the licenses, Permits, quotas, contracts (together with all non-compete covenants), approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims including any claim under any subsisting insurance policies, leases (if any), tenancy rights (if any), liberties, special status and other benefits or privileges of Nihilent and shall remain valid, effective and enforceable on the same terms and condition and shall be appropriately registered by the relevant statutory authorities in favour of Nihilent pursuant to this Scheme, in order to facilitate the continuation of operations of Arcalis in Nihilent without any hindrance, on and from the Appointed Date.
- 4.7 Without prejudice to anything contained in Clause 4.2 and Clause 4.3 above, all assets, properties and undertaking of Arcalis as on the Appointed Date, whether or not included in the books of Arcalis and all assets and properties which are acquired by Arcalis on or after the Appointed Date but prior to the Effective Date, shall be deemed to be, and shall become, the assets and properties of Nihilent, and shall

under the provisions of Sections 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 and vested in and be deemed to have been transferred to and vested in Nihilent from the Effective Date pursuant to the provisions of Sections 230 to 232 of the Act.

- 4.8 Pursuant to this Scheme, all benefits, entitlements and incentives of any nature whatsoever (including sales tax concessions and incentives) of Arcalis to the extent statutorily available, shall be claimed by Nihilent and without the imposition of any fees, charges, taxes or levy. Such benefits shall relate back to the Appointed Date as if Nihilent was originally entitled to such benefits, subject to compliance by Nihilent with all the terms entitled and conditions upon which such benefits were made available to Arcalis. With respect to admissibility of claim under Section 43B or similar provisions of the Income-tax Act, 1961 or such provisions becoming admissible in the period after the Appointed Date on discharging liabilities pertaining to Arcalis, Nihilent shall be entitled to such claims in the same manner and to the same extent as Arcalis would have been entitled to deduction but for the amalgamation.
- 4.9 Upon the transfer of each of the benefits, entitlements and incentives of any nature whatsoever of Arcalis to Nihilent pursuant to the order of the NCLT/Governmental Authority, as the case may be, Nihilent shall file the relevant notifications and communications, if any required, for the record of the appropriate authorities which shall take them on record.
- 4.10 With effect from the Appointed Date, all intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, designs, software and computer programmes, databases, domain names, including those pending registrations and applications for brands, trademarks, labels, trade names, service marks, copyrights, patents, designs, software and computer programs, databases and domain names, whether owned or used by Arcalis, shall, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in Nihilent pursuant to the provisions of Sections 230 to 232 of the Act.
- 4.11 All the insurance policies registered in the name of Arcalis shall without any further act, instrument or deed, be and stand transferred to and vested in and or be deemed to have been transferred to and vested in and be available to the benefit of Nihilent and accordingly, the name of Nihilent shall be deemed to be substituted as the insured in all such insurance policies and the insurance companies shall record the name of Nihilent in all the insurance policies registered in the name of Arcalis.

Assumption/Transfer of Liabilities

- 4.12 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all debts, liabilities, duties and obligations of Arcalis shall, pursuant to the order of the NCLT/Governmental Authority, as the case may be, under Sections 232 of the Companies Act, without any further act or deed, be transferred/assumed or deemed to be transferred/assumed to and vested in and assumed by Nihilent so as to become the debts, liabilities, duties and obligations of Nihilent subject to Clause 4.15. 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, duties and obligations have arisen, in order to give effect to the provisions of this Clause of this Scheme.
- 4.13 All debts, liabilities, duties and obligations of Arcalis as on the Appointed Date, whether or not provided in the books, and all debts and loans raised, and duties, liabilities and obligations incurred or which arise or accrue to Arcalis on or after the Appointed Date till and prior to the Effective Date, shall be deemed to

be and shall become the debts, loans raised, duties, liabilities and obligations incurred by Nihilent by virtue of this Scheme.

- 4.14 All post dated cheques, debentures, or other debt securities, if any, whether convertible into equity, or otherwise issued by Arcalis, which remain un-encashed or outstanding or which have not matured on the scheme coming into effect shall, without further act, instrument or deed become securities of Nihilent and all rights, powers, duties and obligations in relation thereto shall be transferred to and vest in and shall upon coming into effect of the Scheme, be exercised by or against Nihilent
- 4.15 Where any such debts, loans raised, liabilities, duties and obligations of Arcalis as on the Appointed Date have been discharged or satisfied by Arcalis as the case may be after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of Nihilent.
- 4.16 All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by Arcalis in the ordinary course of its business after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of Nihilent and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 230 to 232 of the Companies Act, without any further act, instrument or deed be and stand transferred/assumed to and vested in or be deemed to have been transferred/assumed to and vested in Nihilent and shall become the loans and liabilities, duties and obligations of Nihilent which shall meet, discharge and satisfy the same. Provided that in case there are any inter se loans between Arcalis and Nihilent, the Board of Directors of the Parties may if deem fit decide that no interest (if applicable) may be charged in respect of such loans with effect from the Appointed Date.
- 4.17 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable by Arcalis including all advance tax payments, tax deducted at source or any refunds / credit / claims relating thereto shall, for all purposes, be treated as taxes, duties, cess including all advance tax payments, tax deducted at source or refunds / credit / claims on account of Nihilent.
- 4.18 In respect of share application money (if any) received by Arcalis and against which the issuance of securities is pending, pursuant to Clause 5, the same shall with effect from the Appointed Date be transferred/assumed or stand vested and recorded pursuant to this Scheme and/or be deemed to be transferred/assumed to or vested in Nihilent without requiring any deed or instrument of conveyance and shall become the property and an integral part of Nihilent and Nihilent shall issue and allot such securities, credited as fully paid up, to the Persons (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of Nihilent) who had infused such share application money in the manner and proportion as set out under Clause 5 of this Scheme as if such issue and allotment of equity shares were carried out by Arcalis.
- 4.19 The Transferee Company is aware and has read and understood the terms and conditions as set out in the Debenture Trust Deed dated 07th December 2023 executed by the Transferor Company. There shall be no impact/ change in terms and conditions and the obligations of the Transferor Company as set out in the said Deed. On the Scheme becoming effective, the debenture holder(s) shall continue to hold the debentures without any interruption and on the same terms.

The Scheme will not have any adverse impact on the holders of the Non-Convertible Debentures.

Encumbrances

- 4.20 The transfer and vesting of the properties, assets, liabilities and undertakings of Arcalis to and in Nihilent in the manner as provided herein, shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent and subject to the terms hereinafter provided.
- 4.21 All the existing securities, charges, encumbrances or liens (the “**Encumbrances**”), if any, created by Arcalis after the Appointed Date, over the properties, assets, undertakings or any part thereof transferred to Nihilent by virtue of this Scheme and in so far as such Encumbrances secure or relate to liabilities of Arcalis, shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to Nihilent, and such Encumbrances shall not relate or attach to any of the other assets of Nihilent, provided however that no Encumbrances shall have been created by Arcalis over their assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of Nihilent.
- 4.22 Subject to Clause 4.20 above, the existing Encumbrances over the assets, all debts, liabilities, duties and obligations of Arcalis as on the Appointed Date, whether or not provided in the books of the Arcalis, and all debts and loans raised, and duties, liabilities and obligations incurred, or which arise or accrue to Arcalis on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by Nihilent by virtue of this Scheme.
- 4.23 Notwithstanding anything contained under the Scheme, any reference in any security documents or arrangements to Arcalis and its assets and properties, shall be construed as a reference to Nihilent without enlarging the scope or extent of such security documents or arrangements and the extent of such assets and properties in any manner including not extending to any of the assets or properties of Nihilent prior to the Appointed Date and all security documents or arrangements of Nihilent shall continue as is without enlarging the scope or extent of such security documents or arrangement in any manner including not extending to any assets of Arcalis. Without prejudice to the foregoing provisions, Arcalis and Nihilent may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the RoC to give formal effect to the above provisions, if required.
- 4.24 Upon the coming into effect of this Scheme, Nihilent alone shall be liable to perform all obligations in respect of the liabilities, which have been transferred to it in terms of the Scheme.
- 4.25 It is expressly provided that no other term or condition of the liabilities transferred to Nihilent is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

PART C GENERAL TERMS & CONDITIONS

5. CONSIDERATION

- 5.1 Subject to Clause 5.5 below, pursuant to the Scheme coming into effect and upon the Transferor being amalgamated and transferred to and vested in Nihilent pursuant to Part B above, and without any further application, act or deed, Nihilent shall issue and allot securities (i.e. equity shares) (as set out below), credited as fully paid up, to the extent indicated below to the equity shareholders (other than equity shares

held by Nihilent or its subsidiaries, if any) of the Transferor whose names appear in the register of the members/BENPOS on the applicable date of allotment (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of Nihilent) in consideration of amalgamation of the Transferor in the following ratio:

455 (Four Hundred and Fifty Five) equity shares of Nihilent of INR 10 fully paid up to be issued and allotted to the shareholders of Arcalis for every 1(One) equity share of Arcalis of INR 10 fully paid up held by such shareholder.

- 5.2 In case any equity shareholder of the Transferor who are issued securities in accordance with Clause 5.1 are such that it becomes entitled to a fraction of equity shares or preference shares (as the case may be) of Nihilent, then Nihilent shall not issue fractional shares to such equity shareholder but shall instead, at its discretion, decide to take any one or a combination of the following actions:
- 5.2.1 consolidate such fractions and issue consolidated equity shares to a trustee nominated by Nihilent in that behalf, who shall sell such equity shares and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the entitled equity shareholders respectively in the proportion of their fractional entitlements; and/or
 - 5.2.2 round off all fractional entitlements to the next whole number above the fractional entitlement and issue and allot such number of equity shares to the relevant equity shareholders; and/or
 - 5.2.3 ignore all such fractional entitlements and issue and allot such number of equity shares to the relevant shareholders of or any one shareholder of the Transferor; and/or
 - 5.2.4 deal with such fractional entitlements in such other manner as they may deem to be in the best interests of the respective equity shareholders of the Parties.
- 5.3 The equity shares of Nihilent to be issued and allotted as provided in Clause 5.1 above and Clause 5.2 above (if applicable) shall be subject to the provisions of the Memorandum and Articles of Association of Nihilent and shall rank *pari-passu* in all respects with the existing equity shares of Nihilent after the Effective Date.
- 5.4 The issue and allotment of equity shares of Nihilent to the shareholders of Transferor as provided in this Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of Nihilent or its shareholders and as if the procedure laid down under Section 62 of the Act and any other applicable provisions of the Act, and such other statutes and regulations as may be applicable were duly complied with.

Cancellation of Cross Shareholdings

- 5.5 Notwithstanding anything contained under this Scheme including to the contrary, upon the amalgamation of Arcalis into Nihilent pursuant to this Scheme, any shares or securities held by Arcalis in Nihilent (“**Transferor’s Shareholding in Nihilent**”) shall stand cancelled under all circumstances and without any further act, instrument or deed and there shall be no consideration whether in the form of issue of shares or otherwise that would be applicable in respect of any such cancellation.

Reduction of Cancelled Shares

5.6 In respect of any cancellation of Transferor's Shareholding in Nihilent as set out under Clause 5.5 above, such shareholding shall stand cancelled and reduced and such reduction of the share capital of Nihilent shall be effected as an integral part of this Scheme itself, without having to follow the process under Section 66 of the Act or any other applicable provisions of the Act and the order of the Hon'ble National Company Law Tribunal sanctioning the Scheme shall be deemed as an order passed under Section 66 of the Act in respect of cancellation and reduction of such shares and without prejudice to the generality, Nihilent shall not be required to use the words "AND REDUCED" as part of its corporate name and such use is dispensed with.

6. ACCOUNTING TREATMENT IN THE BOOKS OF THE PARTIES

With effect from the Appointed Date, the amalgamation of the Transferor with the Transferee shall be accounted by the Transferee in accordance with Indian Accounting Standards notified under Section 133 of the Act.

7. COMBINATION OF AUTHORISED SHARE CAPITAL

7.1 Upon sanction of this Scheme, the authorised share capital of Nihilent as on the Effective Date shall stand increased without any further act, instrument or deed on the part of Nihilent including payment of stamp duty and fees payable to RoC, by an amount equivalent to the authorised share capital of Arcalis.

7.2 As a result of combination of the authorised capital as set out under Clauses 7.1 above, the memorandum of association of Nihilent and the Articles of Association of Nihilent shall, without any further act, instrument or deed, be and stand altered, modified and amended, in the manner as set out under this Scheme and the consent of the shareholders of Nihilent to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) or compliance under the applicable provisions of the Companies Act, would be required to be separately passed for this purpose. Accordingly, Clause V of the Memorandum of Association of Nihilent and Article II 1 (b) of the Articles of Association of Nihilent shall automatically stand amended and replaced in its entirety so as to read as under:

Clause V of the Memorandum of Association of Nihilent

The Authorised Share Capital of the Company is 730,500,000 (Rupees Seventy-Three Crores and Five Lakhs) divided into 73,050,000 (Seven Crores Thirty Lakhs and Fifty Thousand) equity shares of Rs. 10/- (Rupees Ten only) each.

Article II 1 (b) of the Articles of Association of Nihilent

(b) The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time, be provided in Clause V of Memorandum with power to reclassify, subdivide, consolidate and increase and with power from time to time, to issue any shares of the original capital or any new capital and upon the sub-division of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division.

8. DISSOLUTION OF THE TRANSFEROR

8.1 On and with effect from the Effective Date, the name of Arcalis shall or shall deemed to be struck off from the records of the RoC.

8.2 It is hereby clarified that the dissolution of Arcalis without being wound up shall occur on the completion of the Scheme and on the Effective Date.

9. ACTIONS OF THE TRANSFEROR AND PROFITS

9.1 The Boards of the Transferor or any of the committee(s) thereof, if any, shall take such actions as may be necessary or desirable for the purpose of giving effect to the provisions of this Scheme.

9.2 Upon the Scheme becoming effective and on and from the Appointed Date, the profits of Arcalis shall belong to and be the profits of Nihilent and will be available to Nihilent for being disposed of in any manner as it thinks fit.

10. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

With effect from the Appointed Date and up to and including the Effective Date, Arcalis shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of Nihilent alienate charge, mortgage, encumber or otherwise deal with or dispose of the assets forming part of the business of Arcalis. During this period, Arcalis undertakes to carry on and shall be deemed to have carried on their business activities and stand possessed and shall be deemed to have held and stood possessed of the properties, assets and profits pertaining to Arcalis, for and on account of and in trust for Nihilent.

11. EMPLOYEES OF THE TRANSFEROR

11.1 From the Effective Date, all staff and employees, if any, who are in employment of Arcalis on the date immediately preceding the Effective Date, shall be deemed on and from the Appointed Date, to have become staff and employees of Nihilent without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with Nihilent shall not be less favorable than those applicable to them with reference to their employment in Arcalis as on Effective Date.

11.2 On and from the Effective Date and with effect from the Appointed Date, the provident fund, gratuity fund, superannuation fund, employee state insurance scheme or any other special fund or trusts (hereinafter collectively referred as "**Funds**"), if any, created or existing for the benefit of the staff and employees of Arcalis for any and all purposes whatsoever in relation to the administration or operation of such Fund(s) or in relation to the obligation to make contributions to the said Fund(s) in accordance with the provisions thereof, if any, to the end and intent that all rights, duties, powers and obligations of Arcalis in relation to such Fund(s) shall become those of Nihilent. It is clarified that the services of the staff and employees of Arcalis will be treated as having been continuous for the purpose of the said Fund(s).

12. LEGAL PROCEEDINGS

12.1 No legal proceedings of whatsoever nature by or against Arcalis pending on and/or arising after the Appointed Date shall abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, such legal proceedings may be continued, prosecuted and enforced by or against Nihilent in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Arcalis.

12.2 Nihilent shall be entitled to have all such legal proceedings initiated by or against Arcalis as provided in Clause 12.1 above transferred to its name from on the Effective Date, which will be deemed to have come into effect from the Appointed Date and to have the same continued, prosecuted and enforced by or against Nihilent as the case may be, to the exclusion of Arcalis.

13. TREATMENT OF TAXES

13.1 With effect from the Appointed Date and from the Effective Date, all taxes, duties, cess payable by Arcalis including all advance tax payments, tax deducted at source or any refunds / credit / claims relating thereto shall, for all purposes, be treated as taxes, duties, cess including advance tax payments, tax deducted at source or refunds / credit / claims on account of Nihilent.

13.2 With effect from the Appointed Date and upon from the Effective Date, all unavailed credits and exemptions including any input credits, margin money, retention money, deposit with statutory authorities, other deposits and benefit of carried forward losses (if any) and other statutory benefits, including in respect of income tax (including MAT), SGST, IGST, CGST under GST laws, CENVAT, customs, VAT, sales tax, service tax etc. to which Arcalis is entitled to, shall be available to and vest in Nihilent without any further act or deed.

13.3 From the Effective Date, the Parties are expressly permitted to revise and file their respective income tax returns, including tax deducted at source, returns and certificates, any returns under the GST laws, sales tax/ value added tax 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 and in accordance with the Applicable Laws. Further, in case where the Parties, if for any reason are unable to file their revised returns before the due date as per the provisions under Section 139(5) of the Income Tax Act, 1961, the Parties be permitted to file their revised tax returns after the expiry of the due date as prescribed.

13.4 Nihilent shall be entitled to file/ revise its income tax returns, TDS certificates, TDS returns, and other statutory returns, if required, and shall have the right to claim refunds, advance tax credits, credit of tax under Section 115JB/115JAA of the Income Tax Act, 1961, credit of tax deducted / collected at source, credit of taxes paid/ withheld etc., if any, as may be required consequent to implementation of this Scheme.

14. CONTRACTS, DEEDS, ETC.

14.1 Subject to the provisions of this Scheme, from the Effective Date and 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 to which Arcalis is a party to and which is subsisting or having effect on the Effective Date, shall be in full force and effect against or in favor of Nihilent and may be enforced by or against Nihilent as fully and effectually as if, Nihilent had been a party thereto in place of Arcalis.

14.2 Nihilent may at any time after the Effective Date in accordance with the provisions hereof, if so required under any law or if it is otherwise considered necessary or expedient, execute deeds, confirmations or other writings or confirmations or enter into any tripartite arrangements, confirmations or novation's, to which Arcalis will, if necessary, also be party in order to give formal effect to the provisions of this Scheme if so required or becomes necessary. Nihilent shall be deemed to be authorized to execute any such

deeds, writings or confirmations on behalf of Arcalis and to implement or carry out all formalities required to give effect to the provisions of this Scheme.

15. SAVING OF CONCLUDED TRANSACTIONS

Transfer and vesting of the assets, liabilities and obligations of Arcalis and continuance of any legal proceedings by or against Nihilent shall not in any manner affect any transaction or legal proceedings already completed by Arcalis till the Appointed Date to the extent that Nihilent shall accept all such acts, deeds and things done and executed by and/or on behalf of Arcalis as acts, deeds and things done and executed by and on behalf of Arcalis.

16. APPLICATION TO NCLT/GOVERNMENTAL AUTHORITY

The Parties shall make all necessary application(s) under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act to the NCLT and/or Governmental Authority (if any), as decided by the Board of Directors for seeking approval of the Scheme and for dissolution of the Transferor without being wound up.

17. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 17.1 The Parties by their respective Boards of Directors, may assent to/make and/or consent to any modifications/amendments of any kind to the Scheme or to any conditions or limitations that the NCLT or any of them and/or Governmental Authority (if any), and/or any other authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board of Directors).
- 17.2 The Parties by their respective Board of Directors are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any directive or order 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 and the same shall be binding on the Parties, in the same manner as if the same were specifically incorporated in this Scheme.
- 17.3 The Parties by their respective Board of Directors may jointly modify, vary or withdraw this Scheme at any time prior to the Effective Date at any time.
- 17.4 Any modification to the Scheme by the Parties after receipt of sanction by the NCLT, shall be made only with the prior approval of the NCLT.

18. CONDITIONALITY OF THE SCHEME

- 18.1 This Scheme is and shall be conditional upon and subject to:
- (i) The Scheme being approved by the requisite majority of shareholders of the Parties, as may be directed by the NCLT or the Governmental Authority (if applicable).
 - (ii) The Scheme being sanctioned by the NCLT (i.e. the National Company Law Tribunal, Mumbai including its benches, under Sections 230 to 232 read with Section 66 and other applicable

provisions of the Act and the Scheme being sanctioned/approved by Governmental Authority (if applicable).

- (iii) Certified copies of the orders of the NCLT (i.e. the National Company Law Tribunal, Mumbai including its benches) sanctioning the Scheme, being filed with the applicable RoC;
- (iv) The requisite consent, approval or permission of any other statutory or regulatory authority including depository(ies), if any and which by law may be necessary for the implementation of this Scheme.

18.2 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. Further, the Scheme would be given effect to as per its terms only if is approved in its entirety unless specifically agreed otherwise by the Board of the Parties.

18.3 The Scheme will be operative from the Effective Date but with effect from the Appointed Date.

19. EFFECT OF WITHDRAWAL OF THIS SCHEME

In the event the Scheme is withdrawn by the Parties in the manner as provided in Clause 17.3, then 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. In such a case, each Party shall bear and pay its respective costs, charges and expenses for and in connection with the Scheme.

20. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Parties arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne in such manner as may be mutually agreed between the Parties and without prejudice to such mutual agreement between the Parties, any cash balances lying to the account of Arcalis may be utilised towards meeting such costs, charges, taxes including duties, levies and all other expenses, if any.