

15567-
2000

Purecha & Co
8-25
6-22
11-25

13992

share.ord

IN THE HIGH COURT OF JUDICATURE AT BOMBAY.
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY PETITION NO. 436 OF 2000
CONNECTED WITH
COMPANY APPLICATION NO. 260 OF 2000

IN THE MATTER OF SECTION 100 AND 101 OF
THE COMPANIES ACT, 1956;

AND

IN THE MATTER OF TELE VIDEO
COMMUNICATION INDIA LIMITED

AND

IN THE MATTER OF REDUCTION OF THE
PAID-UP SHARE CAPITAL OF TELE VIDEO
INDIA
COMMUNICATION / LIMITED.

TELE VIDEO COMMUNICATION INDIA LTD)
a company duly incorporated under)
the Companies Act, 1956 and having)
its registered office at 315-G,)
New Charni Road, Next to Hinduja)
College, Mumbai 400 004) PETITIONER

CORAM :- SMT K.K.BAAM J.

DATE :- 28TH JUNE, 2000.

UPON the petition of TELE VIDEO COMMUNICATION INDIA LIMITED, the Petitioner Company abovenamed solemnly declared on the 28th day of April, 2000, and presented to this Hon'ble Court on the 28th day of April, 2000, for sanctioning the reduction of share capital of the Petitioner Company and for other consequential reliefs as mentioned in the Petition and the said Petition being this day called for hearing and final disposal AND UPON READING the said Petition and the affidavit of Shri Ashok Mansukhani, the Director of the Petitioner Company, dated the 28th day of April, 2000 verifying the said Petition, AND UPON READING the affidavit of Shri J.K.Prajapati, the registered clerk of the Advocates for the Petitioner Company dated 11th day of May, 2000 proving publication of the notice of the date of hearing of the petition in the issue of the FREE PRESS JOURNAL dated 8th day of May, 2000 and NAV SHAKTI dated 8th day of May, 2000, pursuant to the Order dated 3rd day of May, 2000 AND UPON READING THE Order dated 3rd day of May, 2000 made by this Hon'ble Court in Company Application No.260 of 2000 whereby calling of the meeting of the Shareholders of the Petitioner Company was dispensed with in view of the Special Resolution passed at Annual General Meeting held on 24th March, 2000 and there being no creditors of the Petitioner Company the procedure required to be followed under Section 101 (2) of the Companies Act, 1956 was also

dispensed with AND UPON HEARING SHRI NIMISH G. PANDYA
 OF ^{M/S.} PANDYA & CO., Advocates for the Petitioner Company
 in support of the said Petition and no other person
 or persons entitled to appear at the hearing of the
 said Petition appearing this day either in support of
 the said Petition or to show cause against the same
 THIS COURT DOTH ORDER that the reduction of the share
 capital of the Petitioner Company resolved on and
 effected by the Special Resolution passed at the
 Annual General Meeting of the said Company held on
 24th day of March, 2000 and which resolution in words
 and figures are as follows:

"RESOLVED THAT pursuant to the provisions of
 Section 100 and other applicable provisions of
 the Companies Act, 1956, and subject to the
 confirmation of the High Court of Judicature at
 Bombay, the paid up Share Capital of the
 Company be and is hereby reduced from Rs.
 4,00,02,000/- consisting of 4,00,020 Equity
 Shares of Rs.100/- each to Rs.25,00,000/-
 (Rupees Twenty Five Lakhs Only) consisting of
 25,000 Equity Shares of Rs.100/- each and that
 such reduction be effected by the cancellation
 of 3,75,02,000 (Three Crore Seventy Five Lakhs
 Two Thousand) Equity Shares of Rs.100/- each
 and repaying to the holders of the said Equity
 shares a sum of Rs. 100/- per share paid up
 thereon.

4.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient to give effect to this Resolution and be also authorised inter alia to appoint Advocates, file and verify the petition, affirm affidavit, appear in Courts and to do all such acts, deeds, matters and things as may be necessary to be done in this connection.

"RESOLVED FURTHER THAT consequential amendments be made in the Clause V of the Memorandum of Association of the Company and Article 3 of the Articles of Association of the Company after such reduction becomes operative and effective"

"RESOLVED FURTHER THAT on such reduction becoming operative and effective, every member of the Company do surrender to the Company his old share certificate(s) in respect of the share(s) held by him and thereupon the Company shall issue fresh share certificate(s) to the said Shareholder and/or pay the nett sale proceeds to which he may be entitled to as aforesaid."

be and is hereby confirmed AND THIS COURT DOETH FURTHER ORDER THAT the Minutes set forth in the Schedule hereto are hereby approved AND THIS COURT DOETH FURTHER ORDER THAT the Petitioner Company do within 21 days after the date

5.

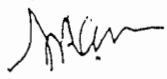
of sealing of this Order cause a certified copy of this Order including the Minutes as approved and confirmed be delivered to the Registrar of Companies, Maharashtra, Mumbai AND THIS COURT DOETH FURTHER ORDER THAT notice of registration by the Registrar of Companies of this Order and the said Minutes be published once each in the Government Gazette, Free Press Journal and Nav Shakti, within 14 days of the registration aforesaid WITNESS SHRI BISHESHWAR PRASAD SINGH, Chief Justice at BOMBAY, aforesaid this 28th day of June, 2000.

BY THE COURT

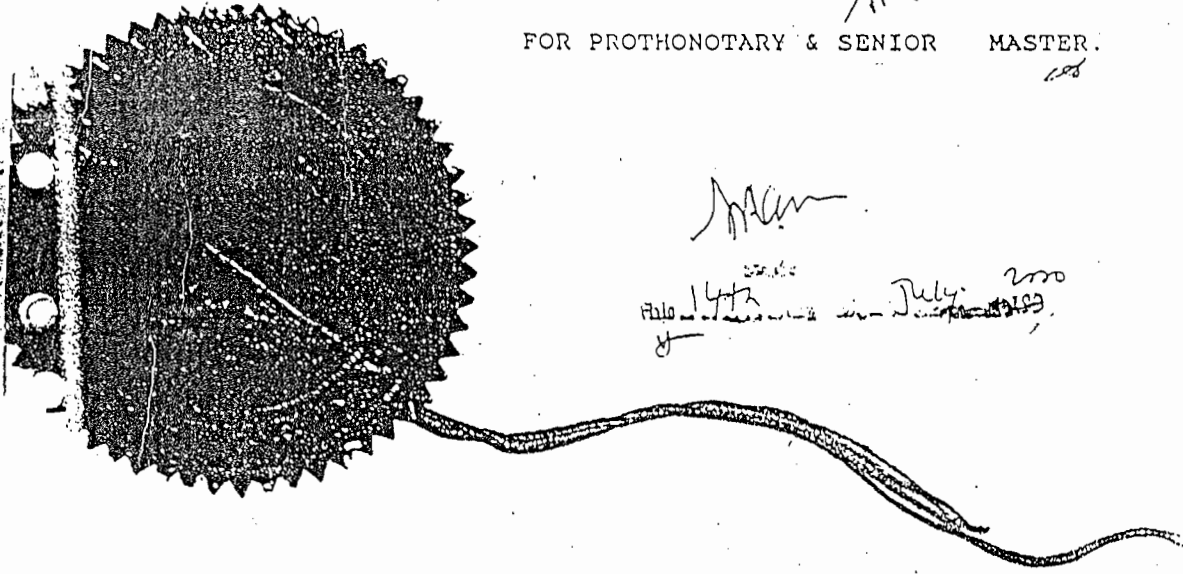


FOR PROTHONOTARY & SENIOR MASTER.

108



File 1472
2000
July 2000



order sanctioning the reduction)
of Share Capital u/s.100 & 101 of)
the Companies Act, 1956 drawn on)
application of PANDYA & CO,)
ADVOCATES for the Petitioner having)
their office at Shahviri", 3rd floor)
37/41 R.S.Sapre Marg, Bombay 400002.)

SCHEDULE

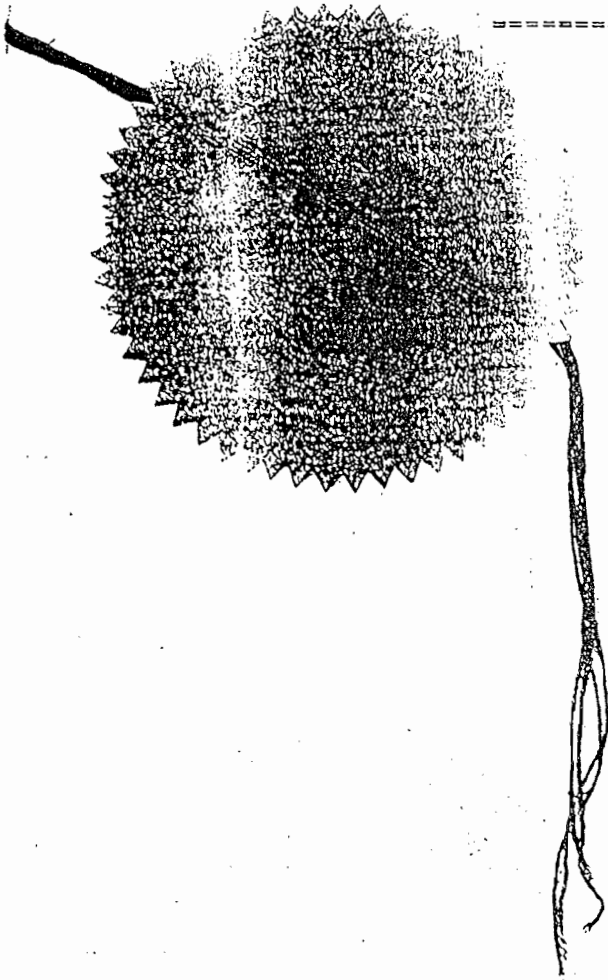
=====

SCHEDULE

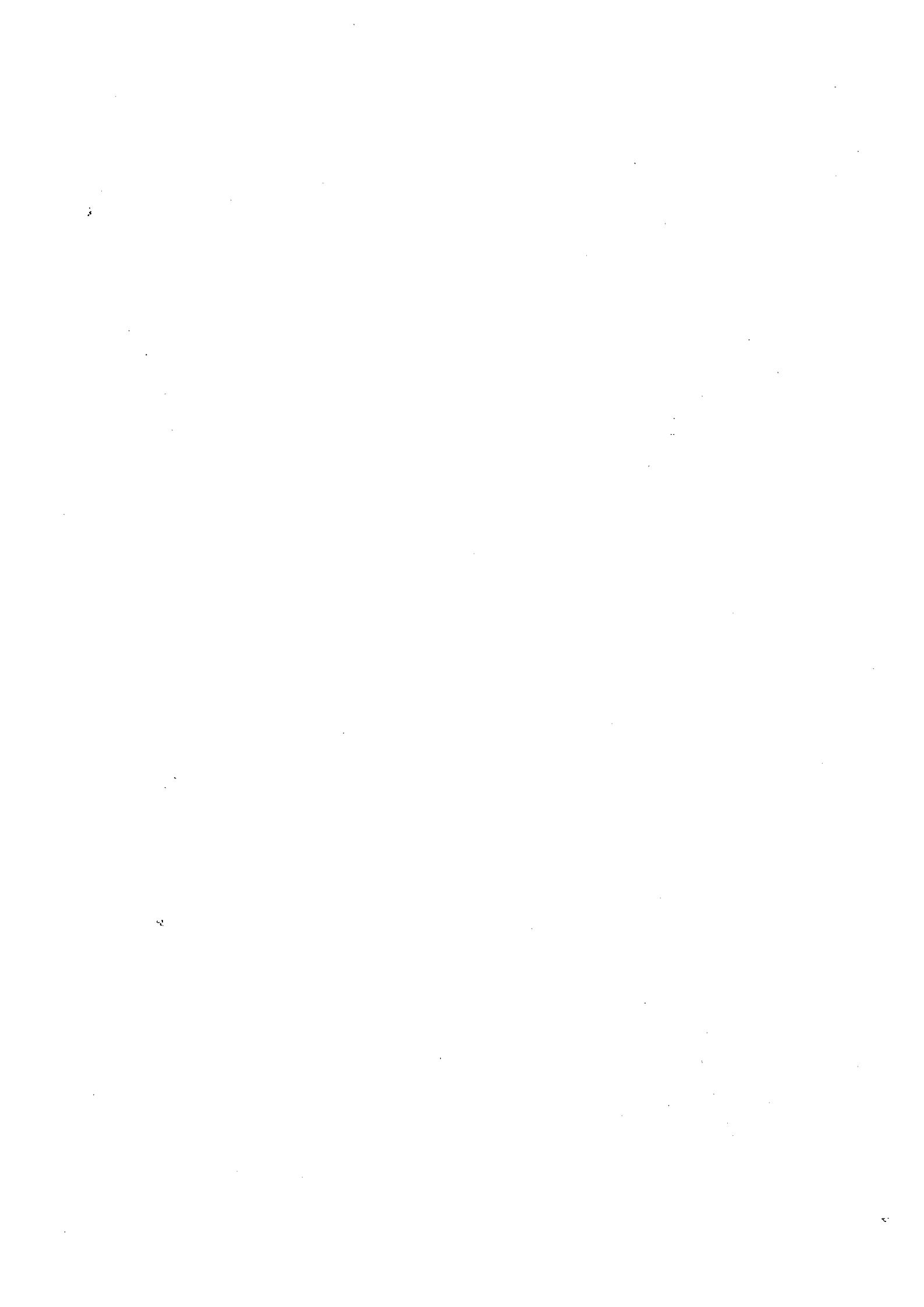
MINUTES OF THE PROPOSED REDUCTION
OF TELE VIDEO COMMUNICATION INDIA LIMITED

"The issued, subscribed and paid up Share Capital of the Company is hereby reduced from Rs. 4,00,02,000/- consisting of 4,00,020 Equity Shares of Rs.100/- each to Rs.25,00,000/- (Rupees Twenty Five Lakhs Only) consisting of 25,000 Equity Shares of Rs.100/- each and that such reduction be effected by the cancellation of 3,75,02,000 (Three Crore Seventy Five Lakhs Two Thousand) Equity Shares of Rs.100/- each."

=====



17/07/2000
A. K. S. W. D.
[Signature]



IN THE HIGH COURT OF JUDICATURE
AT BOMBAY

ORDINARY ORIGINAL CIVIL
JURISDICTION

COMP. PETN. NO. 436 OF 2000

CONNECTED WITH

COMP. APPL NO. 260 OF 2000

IN THE MATTER OF SECTION
100 AND 101 OF THE
COMPANIES ACT, 1956;

AND

IN THE MATTER OF TELE
VIDEO COMMUNICATIONS INDIA
LIMITED

AND

IN THE MATTER OF REDUCTION
OF THE PAID-UP SHARE
CAPITAL OF TELE VIDEO
COMMUNICATION LIMITED

TELE VIDEO COMMUNICATION
INDIA LTD. PETITIONER

ORDER SANCTIONING THE REDUCTION
OF SHARE CAPITAL
DATED THIS 28TH DAY OF JUNE,
2000.

FILED THIS 14th DAY OF JULY
2000.

M/S PANDYA & CO.,
ADVOCATES FOR PETITIONER
6/7, SHAHVIRI, 3RD FLOOR,
37/41, R.S. SARE MARG,
MUMBAI 400 002

Filed on 11/7/2000
Section 100 & 101 of Companies Act, 1956
Petitioner: M/S. PANDYA & CO.
Respondent: TELE VIDEO COMMUNICATIONS INDIA LTD.
Dated: 13/7/2000
Delivered: 13/7/2000

Impressed on 14-7-2000
S-2-2000

[Signature]
14-7-2000

HIGH COURT, BOMBAY

0558

1

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY PETITION NO.790 OF 2006
CONNECTED WITH
COMPANY APPLICATION NO.1046 OF 2006

In the matter of Sections 391
to 394 of the Companies Act,
1956;

And

In the matter of HTMT
Technologies Limited, a
company incorporated under
the Companies Act, 1956 and
having its registered office
at 315 G, New Charni Road,
Mumbai-400 004

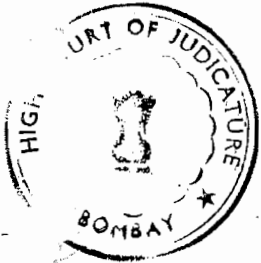
HTMT Technologies Limited ..Petitioner Company

Dr.Virendra Tulzapurkar with Virag Tulzapurkar and
Mr.Tapan Deshpande i/b.M/s.Amarchand & Mangaldas
and Suresh A. Shroff and Co. for the petitioner
Mr.Pravin Samdani i/b. M/s.Wadia Ghandy & Co for
Nishkalp - unsecured creditors in Company Petition
No.789 of 2006

Ms.Madhuri Gaikwad i/b. Pankaj Kapoor - Regional
Director

CORAM : S.A.BOBDE, J.

DATE : 23RD FEBRUARY, 2007



HIGH COURT, BOMBAY

0552901

2

allowed in terms of prayer clauses (a) to (n). Similarly, minutes relating to the petition of the share capital of HTMT TECHNOLOGIES LIMITED at Exhibit A to the affidavit dated 8th February, 2007 in terms of prayer clauses (a) to (n) are hereby approved. The Regional Director shall be entitled to cost in the sum of Rs.2,500/-.



2. Upon registration of the order and minute by the Registrar, a notice of registration shall be published in The Economic Times and Maharashtra Times, Mumbai edition, within 14 days of registration of such order and the minute with the Registrar of Companies.

3. Drawn up orders dispensed with. All concerned to act on a copy of this order.

4. Mr. Pravin Samdani applies for stay of this order. Having regard to the circumstances of the case, there is no merit in this application which is hereby rejected.

HIGH COURT, BOMBAY

0552002

3

(S. A. BOBDE, J.)

TRUE COPY

Uctur
Section Officer
High Court, Appellate Side
Bombay.



TRUE-COPY

M. D. Narvekar
06/03/07
M. D. NARVEKAR
COMPANY REGISTRAR
HIGH COURT (O.S.)
BOMBAY

SCHEME OF ARRANGEMENT AND RECONSTRUCTION

BETWEEN

Hinduja TMT Limited ... Demerged Company

HTMT Technologies Limited ... Resulting Company

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

PART I - GENERAL

1. **Hinduja TMT Limited** (hereinafter referred to as the “**Demerged Company**” as the context may admit) is engaged in various businesses including: (i) the business, undertaking, activities and operations of Information Technology and Information Technology Enabled Services (“**IT/ITES**”) which comprises of consulting, customized systems development, setting up and running contact centres, technical help desks and back office processing units in business verticals including insurance, finance, manufacturing, pharmaceutical products, telecom, consumer and household products, energy, utilities and rendering services in relation to the same including the foregoing business, undertaking, activities and operations carried on directly or indirectly through its branches and subsidiaries in India and abroad, namely, Source 1 HTMT Inc., Customer Contact Center Inc., HTMT Europe Ltd., Hinduja TMT France, C-Cubed (Antilles) N.V., C-Cubed BV, Pacific Horizon Ltd., all of which together constitute an integrated IT/ITES business (the “**IT/ITES Business**”); and (ii) the business of media and entertainment including cable operator, cable television network, content aggregation and related services as corporate parent of its subsidiaries in those sectors (the “**Media Business**”).
2. **HTMT Technologies Limited** (the “**Resulting Company**”) is a company having as its main object, *inter alia*, carrying out the business of Information Technology and Information Technology Enabled Services, business process outsourcing, knowledge process outsourcing, call centres and to develop and deal in hardware,



software and allied equipment. The Resulting Company is a wholly owned subsidiary of the Demerged Company.

3. This Scheme of Arrangement (hereinafter referred to as the "Scheme") provides for the transfer by way of demerger of the Demerged Undertaking (as defined hereinafter) of the Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company pursuant to Sections 391 to 394 and other relevant provisions of the Act (as defined hereinafter) in the manner provided for in the Scheme. The restructuring as embodied in this Scheme is intended to provide greater business focus both in the Demerged Company and Resulting Company. This Scheme has been drawn up to comply with the conditions as specified under Section 2 (19AA) of the Income Tax Act, 1961 such that:

- (i) all the assets and properties of the Demerged Undertaking (as defined hereinafter) being transferred by the Demerged Company immediately before the demerger become the properties of the Resulting Company by virtue of the demerger;
- (ii) all the liabilities relating to the Demerged Undertaking being transferred by the Demerged Company, immediately before the demerger become the liabilities of the Resulting Company by virtue of the demerger;
- (iii) the properties and the liabilities, if any, relating to the Demerged Undertaking being transferred by Demerged Company are transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company immediately before the demerger;
- (iv) the Resulting Company issues shares to the shareholders of the Demerged Company in consideration of the demerger on a proportionate basis;
- (v) all shareholders of the Demerged Company shall become the shareholders of the Resulting Company by virtue of the demerger; and
- (vi) the transfer of the Demerged Undertaking will be on a going concern basis.



4. The Scheme is divided into the following parts:
 - (a) Part I, which deals with the introduction and definitions;
 - (b) Part II, which deals with the demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company; and
 - (c) Part III, which deals with the general terms and conditions that would be applicable to Part II of the Scheme.
5. The Scheme also provides for various other matters consequential or otherwise integrally connected herewith.
6. **Definitions:**

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

- (A) "Act" means the Companies Act, 1956 or any statutory modification or re-enactment thereof;
- (B) "Demerged Company" means Hinduja TMT Limited, a company incorporated under the Act and having its registered office at InCentre, 49/50 MIDC, Andheri East, Mumbai 400 093;
- (C) "Demerged Undertaking" means the whole of the IT/ITES Business of the Demerged Company, in India and abroad, described in Clause 1 above, on a going concern basis, which shall include (without limitation):
 - (a) all assets and properties of or required for the IT/ITES Business wherever situated, whether movable or immovable, freehold or leasehold, tangible or intangible, including investments in, and advances to, as part of the business activity of IT/ITES Business, subsidiaries of the Demerged Company enumerated in Clause 1 above including without limitation all funds, investments, plant and machinery, estates, buildings, offices (including marketing offices, corporate and administrative offices and



liaison offices), machinery, capital work in progress, furniture, fixtures, office equipment, vehicles, computer installations, electricals including any other hardware or software applications, appliances, accessories, power lines, water pipelines and depots;

- (b) all agreements, contracts, engagements, permits, quotas, rights, registrations, entitlements, industrial and other licences, bids, all assignments and grants thereof, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, approvals, consents, subsidies, tax credits, incentives, tenancies in relation to office and/or residential properties for the employees, investments or interest (whether vested, contingent or otherwise) in projects undertaken or contracted to be undertaken either solely or jointly with other parties, goodwill, trade marks, trade names, trade secrets, product registrations, patents, copyrights, all other intellectual property, bank accounts, receivables, privileges, insurance claims and policies, powers of attorney, and authorities, certifications, all other rights including sales tax deferrals and exemptions and other benefits, lease rights, licences, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, emails, telexes, facsimile, VSATs connections and installations and any other communication devices, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Demerged Undertaking, including licenses, approvals, certificates, clearances, exemptions and all benefits relating to units in software technology parks /special economic zones ;
- (c) all deposits or benefits of any deposits, balances, earnest moneys and/or security deposits paid or received by the Demerged Company directly or



indirectly in connection with or relating to the Demerged Undertaking;

- (d) all books, records, files, papers, engineering and process information, computer programmes along with licenses, drawings, back up copies, websites, domain names, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to the Demerged Undertaking; and
- (e) debts, duties, obligations and liabilities (including contingent liabilities) relating to the Demerged Undertaking;

Explanation:

- (I) For the purpose of this Scheme, it is clarified that the liabilities pertaining to the Demerged Undertaking are:
 - (a) The liabilities which accrue or arise out of the activities or operations of the IT/ITES Business.
 - (b) Specific loans and borrowings (including debentures) raised, incurred and utilised solely for the activities or operation of the IT/ITES Business.
 - (c) Liabilities (including debentures, if any) other than those referred to in sub-clauses (a) and (b) above, if any, being the amounts of general or multipurpose borrowings of the Demerged Company, allocated to the IT/ITES Business in the same proportion in which the value of the assets transferred under this Scheme bear to the total value of the assets of the Demerged Company as at the end of business on the date



immediately preceding the Demerger Appointed Date.

- (II) Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the IT/ITES Business or whether it arises out of the activities or operations of the IT/ITES Business shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company.
- (D) **"Demerger"** means the transfer by way of demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company as set out in Part II hereof;
- (E) **"Demerger Appointed Date"** means opening of business on October 1, 2006;
- (F) **"Demerger Share Entitlement Ratio"** shall have the meaning ascribed to it in Clause 23;
- (G) **"Effective Date"** means the date on which all the conditions and matters in relation to the Scheme referred to in Clause 38 of this Scheme have been fulfilled;
- References in this Scheme to the date of **"coming into effect of this Scheme"** or **"effectiveness of this Scheme"** shall mean the Effective Date;
- (H) **"Record Date"** shall have the meaning ascribed to it in Clause 23 hereof;
- (I) **"Remaining Undertaking"** means all the estate, assets, rights, title, interests, businesses, undertakings, activities, operations and the divisions of the Demerged Company, including the Media Business of the Demerged Company, save and except the Demerged Undertaking;

HIGH COURT

- (J) "Resulting Company" means HTMT Technologies Limited, a company incorporated under the Act and having its registered office at 315 G, New Charni Road, Mumbai 400004.
- (K) "Resulting Company Compensatory ESOP Scheme" means the Compensatory Employee Stock Options Scheme of the Resulting Company for grant of stock options by the Resulting Company, on the Effective Date, to the employees of the Demerged Undertaking pursuant to the Scheme, the salient features of such scheme are set out in Schedule 1 hereto; and
- (L) "Scheme" means this Scheme of Arrangement.

7. **Share Capital:**

- (a) The share capital structure of the Demerged Company as on June 30, 2006 was as follows:

	<u>Rupees</u>
<u>Authorised:</u>	
70,000,000 Equity Shares of Rs. 10/- each	70,00,00,000
<u>Issued, Subscribed and Paid-up:</u>	
40,903,887 Equity Shares of Rs. 10/- each fully paid-up	<u>40,90,38,870</u>
Total	40,90,38,870

- (b) The share capital structure of the Resulting Company as on June 30, 2006 was as follows:

	<u>Rupees</u>
<u>Authorised:</u>	
60,00,000 Equity Shares of Rs. 10- each	<u>6,00,00,000</u>
Total	6,00,00,000
<u>Issued, Subscribed and Paid-up:</u>	
2,50,000 Equity Shares of Rs.10/- each fully paid up	<u>25,00,000</u>
Total	25,00,000

PART II - DEMERGER**SECTION 1 - DEMERGED UNDERTAKING**

8. (a) Upon the coming into effect of the Scheme and with effect from the Demerger Appointed Date and subject to this Scheme, the Demerged Undertaking (including all the estate, assets, rights, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, subject to the provisions of this Clause in relation to the mode of vesting and pursuant to Section 394 (2) of the Act and without any further act or deed, be demerged from the Demerged Company and transferred to and vested in the Resulting Company, or be deemed to have been demerged from the Demerged Company and transferred to and vested in the Resulting Company, as a going concern so as to become as and from the Demerger Appointed Date, the estate, assets, rights, title, interest and authorities of the Resulting Company.
- (b) In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, wherever located, the same may be so transferred by the Demerged Company and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking. Such delivery shall be made on a date (within thirty days from the Effective Date) to be mutually agreed upon between the Board of Directors of the Demerged Company and the Board of Directors of the Resulting Company.
- (c) In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in sub-clause (b) above, the same shall (as more particularly provided in sub-clause (a) above) without any further act, instrument or deed, be demerged from the Demerged Company and stand transferred to and vested in the Resulting Company and/or be deemed to be demerged from the Demerged Company and transferred to and vested in the Resulting Company on the Demerger Appointed Date pursuant to the provisions of

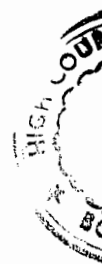


Section 394 of the Act. For the avoidance of doubt, it is hereby clarified that all the rights, title and interest of the Demerged Company in any leasehold properties in relation to the Demerged Undertaking shall, pursuant to Section 394 (2) of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company.

- (d) All assets, estate, rights, title, interest and authorities acquired by the Demerged Company after the Demerger Appointed Date and prior to the Effective Date for operation of the Demerged Undertaking shall also stand transferred to and vested in the Resulting Company upon the coming into effect of the Scheme.
9. (a) Upon the coming into effect of the Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- (b) Without prejudice to the other provisions of the Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of Part II of the Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed. The Demerged Company will, if necessary, also be a party to the above. The Resulting Company shall, under the provisions of Part II of

this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

- (c) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all insurance claims and policies, consents, permissions, licenses, approvals, certificates, clearances generally and relating to units in software technology parks/special economic zones in India and abroad and all branches, powers of attorney, authorities given by, issued to or executed in favour of the Demerged Company, all quality certifications and approvals, trademarks, patents and domain names, copyrights, industrial designs, trade secrets, product registrations and other intellectual property and all other interests relating to the Demerged Undertaking, be transferred to and vested in the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company. It is clarified that any benefits accruing to the Software Technology Park/Special Economic Zone units under the Income Tax Act, 1961 (the "IT Act") shall be vested in the Resulting Company in accordance with the provisions of the IT Act.



10. All the property, assets and liabilities of the Demerged Undertaking shall be transferred by the Demerged Company to the Resulting Company at the values appearing in the books of account of the Demerged Company at the close of business of the day immediately preceding the Demerger Appointed Date.
11. (a) It is clarified that, upon the coming into effect of the Scheme, the following liabilities and obligations of the Demerged Company being a part of the Demerged Undertaking shall, without any further act or deed be and stand transferred, or shall be deemed to have been transferred on the Demerger Appointed Date to the Resulting Company, and shall become

the liabilities and obligations of the Resulting Company which shall undertake to meet, discharge and satisfy the same:

- (i) The liabilities which accrue or arise out of the activities or operations of the IT/ITES Business.
 - (ii) Specific loans and borrowings (including debentures) raised, incurred and utilised solely for the activities or operation of the IT/ITES Business.
 - (iii) Liabilities (including debentures, if any) other than those referred to in sub-clauses (i) and (ii) above, if any, being the amounts of general or multipurpose borrowings of the Demerged Company, allocated to the IT/ITES Business in the same proportion in which the value of the assets transferred under this Scheme bear to the total value of the assets of the Demerged Company as at the end of business on the date immediately preceding the Demerger Appointed Date.
- (b) Where any of the liabilities and obligations of the Demerged Company as on the Demerger Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company after the Demerger Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company, and all loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking after the Demerger Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Resulting Company and shall become the liabilities and obligations of the Resulting Company which shall meet, discharge and satisfy the same.
12. (a) Upon the coming into effect of the Scheme, all legal, taxation or other proceedings (including before any statutory or quasi-



judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Demerger Appointed Date or which may be instituted any time in the future and in each case relating to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company after the Effective Date. The Resulting Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the Demerged Company (or any successor thereof).

- (b) If proceedings are taken against the Demerged Company (or any successor thereof) in respect of the matters referred to in sub-clause (a) above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company (or any successor thereof) against all liabilities and obligations incurred by the Demerged Company (or any successor thereof) in respect thereof.
- (c) The Resulting Company undertakes to have all legal, taxation or other proceedings initiated by or against the Demerged Company (or any successor thereof) referred to in sub-clause (a) above transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company (or any successor thereof).

13. With effect from the Demerger Appointed Date and up to and including the Effective Date:

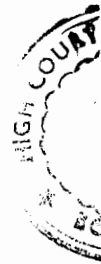
- (a) the Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertaking, including the rights and interest in any documents specified in Clause 9 hereof, for and on account of, and in trust for and for the benefit of the Resulting Company; and



- (b) all income, profits costs, charges, expenses (including costs, charges and expenses relating to employees of the Demerged Company engaged in the Demerged Undertaking) and taxes accruing to the Demerged Company or losses arising or incurred by it (including the effect of taxes if any thereon), relating to the Demerged Undertaking shall for all purposes, be treated as the income, profits, costs, charges, expenses and taxes or losses, as the case may be, of the Resulting Company.
 - (c) The Demerged Company undertakes that it will from the date of approval of the Scheme by the Board of Directors of the Demerged Company and the Resulting Company, or the Demerger Appointed Date, whichever is earlier, and upto and including the Effective Date preserve and carry on the Demerged Undertaking with diligence and prudence.
14. Any claims, liabilities or demands (including in relation to income tax, sales tax, IT/ITES subsidies or otherwise) arising out of the activities or operations of the Demerged Undertaking which relates to the period prior to the Demerger Appointed Date but arises at any time including after the Effective Date shall be deemed to be part of the Demerged Undertaking and shall consequently be entirely borne by the Resulting Company. In the event that such liability is incurred by or such claim or demand is made upon the Demerged Company (or any successor thereof), then the Resulting Company shall indemnify the Demerged Company (or any successor thereof) for any payments made in relation to the same.
15. (a) The Resulting Company undertakes to engage, on and from the Effective Date, such employees of the Demerged Company (including such employees engaged by the Demerged Company in the ordinary course of business) engaged in the Demerged Undertaking and who are in the employment of the Demerged Company as on the Effective Date, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company, with continuity of service. The Resulting Company undertakes to continue to abide by any agreement/settlement entered into by the Demerged Company

in respect of the Demerged Undertaking with employees of the Demerged Company in relation to the Demerged Undertaking. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such employees with the Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

- (b) In so far as the existing provident fund, gratuity fund and superannuation fund and/or schemes, created or maintained by the Demerged Company for the employees of the Demerged Undertaking are concerned, such funds/schemes shall, subject to the necessary approvals and permissions, be transferred to or merged with the relevant funds/schemes as determined by the Resulting Company.
- (c) (i) In respect of the stock options granted by the Demerged Company under the employees' stock options scheme of the Demerged Company, titled Hinduja TMT Limited Employees Stock Option Plan, 2001 (the "**Demerged Company Option Scheme**"), to employees engaged in the Demerged Undertaking, it is hereby clarified that the stock options which have been granted but have not vested as of the Effective Date, in the employees engaged in the Demerged Undertaking, would lapse (such lapsed options being hereafter referred to as "**Lapsed Options of the Demerged Company**"), and such employees of the Demerged Company engaged in the Demerged Undertaking whose stock options granted under the Demerged Company Option Scheme would lapse being hereinafter collectively referred to as the "**Grantees of Lapsed Options**" and individually as "**Grantee of Lapsed Options**"). It is hereby also clarified that the stock options under the Demerged Company Option Scheme which have vested in employees engaged in the Demerged Undertaking as of the Effective Date, would lapse if they remain unexercised on the Record Date (as defined hereinafter). It is hereby further clarified that, in respect of stock options under the Demerged Company Option Scheme which have



vested as well as have been exercised before the Record Date (as defined hereinafter) the Demerged Company shall issue and allot one fully paid-up equity share of Rs.10/- each of the Demerged Company for each exercised option;

- (ii) In order to compensate the Grantees of Lapsed Options in respect of the Lapsed Options of the Demerged Company, the Resulting Company shall grant, and shall be deemed to have granted, to each Grantee of Lapsed Options, on the Effective Date, in lieu of the Lapsed Options of the Demerged Company, in pursuance of this Scheme, such number of stock options as are envisaged in the Resulting Company Compensatory ESOP Scheme as would equal to the number of Lapsed Options of the Demerged Company of the respective Grantee of Lapsed Options. This grant of stock options by the Resulting Company to each Grantee of Lapsed Options shall be, and shall be deemed to be, at an exercise price equal to the exercise price at which such Grantee of Lapsed Options had been granted by the Demerged Company the Lapsed Options of the Demerged Company. The vesting period of the stock options granted hereunder by the Resulting Company shall be as provided for in the Resulting Company Compensatory ESOP Scheme.
- (iii) It is hereby clarified that, *inter alia*, having regard to the compensatory nature of the grant of stock options of the Resulting Company hereunder (pending listing of equity shares of the Resulting Company on a recognized stock exchange) on the Effective Date, the provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended to-date, shall apply, *mutatis mutandis*, to the extent applicable, to the stock options granted by the Resulting Company to the Grantees of Lapsed Options in pursuance of this Scheme with effect from the date on which the equity shares of the Resulting Company are first listed on the National Stock Exchange of



SIGNATURE

India Limited and the Bombay Stock Exchange Limited in accordance with the provisions of Clause 27 below. It is further clarified that, for this purpose, the "intrinsic value" of the stock options of the Resulting Company granted hereunder vis-à-vis the Resulting Company shall be equal to "intrinsic value" of the Lapsed Options of the Demerged Company vis-à-vis the Demerged Company under clause 2(9A) of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999

16. The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking under the Scheme and the continuance of the proceedings by or against the Resulting Company under Clause 12 hereof shall not affect any transaction or proceedings already completed by the Demerged Company on and after the Demerger Appointed Date to the end and intent that the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and/or on behalf of the Resulting Company.

SECTION 2 – REMAINING UNDERTAKING

17. The Remaining Undertaking 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.
18. All legal, taxation or other proceedings by or against the Demerged Company under any statute, whether pending on the Demerger 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 Undertaking (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Undertaking) shall be continued and enforced by or against the Demerged Company (or successor thereof). The Resulting Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceeding against the Demerged Company (or successor thereof).



19. With effect from the Demerger Appointed Date and up to and including the Effective Date, the Demerged Company:
- (a) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Undertaking for and on its own behalf;
 - (b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Undertaking shall, for all purposes, be treated as the profits, taxes or losses, as the case may be, of the Demerged Company (or successor thereof).

SECTION 3 - LIABILITIES

20. LOANS, FIXED DEPOSITS, DEBENTURES AND RELATED SECURITY

- (a) In so far as loans, borrowings and debentures of the Demerged Company are concerned, the loans, borrowings and debentures which are to be transferred to the Resulting Company in terms of Clause 11 hereof (the "Transferred Borrowings") being a part of the Demerged Undertaking shall, upon coming into effect of the Scheme and subject to sub-clause (b) below, without any further act or deed, become loans, borrowings and debentures of the Resulting Company, and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against the Resulting Company as if it had entered into such loans, incurred such borrowings or issued such debentures. In so far as the assets comprising the Remaining Undertaking are concerned, the security over such assets relating to the Transferred Borrowings shall, without any further act, instrument or deed be released and discharged from the obligations and security relating to the same. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.

- (b) Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the security and charge over such assets relating to any loans, borrowings or debentures which are not transferred pursuant to Part II of this Scheme, the same shall without any further act or deed be released and discharged from such encumbrance and shall no longer be available as security in relation to any liabilities of the Remaining Undertaking.
- (c) Without prejudice to the provisions of Clause ~~21~~20 (a) or the foregoing clauses, and upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall execute any instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies, Maharashtra respectively to give formal effect to the above provisions, if required.
- (d) The Demerged Company and/or the Resulting Company shall enter into and execute such further deeds, documents or writings as may be required to give full effect to the above provisions.
- (e) Upon the coming into effect of the Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the liabilities and obligations of the Demerged Undertaking enumerated in Clause 11 above, and the Demerged Company (or any successor thereof) shall not have any obligations in respect thereof.
- (f) It is expressly provided that, save as mentioned in this Clause 20 no other term or condition of the liabilities and obligations of the Demerged Undertaking enumerated in Clause 11 above shall be modified except to the extent that such amendment is required by necessary implication or by any agreement entered into with the respective lender.
- (g) The provisions of this Clause shall operate notwithstanding anything to the contrary contained in any deed or writing or the



terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions..

SECTION 4 -REORGANISATION OF CAPITAL.

21. The provisions of this Section shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.
22. In consideration of the provisions of Part II of this Scheme and as an integral part of this Scheme, the share capital of the Resulting Company and the Demerged Company shall be restructured and reorganised in the manner set out in Clauses 23 to 32 below.
23. (a) Upon the coming into effect of the Scheme and in consideration of the Demerger pursuant to Part II of the Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each member of the Demerged Company whose name is recorded in the register of members of the Demerged Company (including employees, who have become shareholders by exercising their options, which have vested in accordance with the Demerged Company Option Scheme) on a date (the "**Record Date**") to be fixed in that behalf by the Board of Directors or a committee thereof of the Demerged Company, equity shares of the Resulting Company in the ratio (the "**Demerger Share Entitlement Ratio**") of 1 Equity Share in the Resulting Company of Rs. 10/- credited as fully paid up for every 2 Equity Shares of Rs.10/- each fully paid up held by such member in the Demerged Company.
- (b) Upon effectiveness of this Scheme, pursuant to the Demerger, the issued, subscribed and paid up equity share capital of the Demerged Company shall be reduced by reducing the face value of the equity shares from 1 (One) equity share of Rs.10/- fully paid up to 1 (One) equity share of Rs. 5/- each fully paid. Consequent to such reduction in the face value of the paid up equity shares from Rs. 10/- each to Rs. 5/- per share, the

shareholding of the shareholders of the Demerged Company shall be reduced proportionately. Simultaneously, 2 (Two) equity shares each of Rs. 5/-, shall be consolidated into 1 (One) fully paid-up equity share of Rs. 10/-.

(c) The reduction of capital of the Demerged Company pursuant to the Scheme shall be given effect as an integral part of the Scheme and the consent given to the Scheme by the shareholders and the creditors of the Demerged Company shall be deemed to be their consent under the provisions of Section 100 and all other applicable provisions of the Act to such reduction of capital of the Demerged Company and the Demerged Company shall not be required to convene any separate meeting for that purpose. The order of the Honorable High Court sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Act.

(d) It is hereby clarified that the amount by which the share capital of the Demerged Company is reduced in terms of Clause 23 (b) above, shall not be paid to the shareholders of the Demerged Company but shall be credited to the "General Reserve" account of the Demerged Company.



24. In case any member's holding in the Demerged Company is such that the member becomes entitled to a fraction of an equity share of the Demerged Company or of the Resulting Company, neither the Demerged Company nor the Resulting Company shall issue fractional share certificates to such members but shall consolidate such fractions and issue consolidated equity shares to separate trustees nominated respectively by the Demerged Company and the Resulting Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of the expenses incurred) to the members respectively entitled to the same, in proportion to their respective fractional entitlements in Demerged Company and Resulting Company.

25. (a) The equity shares of the Resulting Company issued and allotted in terms of Clause 23 above shall rank pari passu in all respects with the existing equity shares of the Resulting Company.

- (b) The equity shares of the Demerged Company and the Resulting Company to be issued and allotted in terms hereof will be subject to the Memorandum and Articles of Association of the Demerged Company and the Resulting Company respectively.
26. The Resulting Company shall, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities for the issue and allotment by the Resulting Company of equity shares of Resulting Company to the members of Demerged Company.
27. The equity shares of the Resulting Company issued in terms of Clause 23 hereof shall, subject to the execution of the listing agreement and payment of the appropriate fee, be listed on the National Stock Exchange of India Limited, the Bombay Stock Exchange Limited and on such other recognised stock exchange(s) in India, if any, as may be decided by the Board of Directors of the Resulting Company on consideration of all relevant factors.
28. Insofar as the issue of shares pursuant to Clause 23 is concerned, each member of the Demerged Company holding shares in physical mode shall have the option, to be exercised by way of giving a notice (with prescribed details) respectively to Demerged Company and Resulting Company, on or before such date as may be respectively determined by the Boards of Directors of the Demerged Company and the Resulting Company, to receive the shares either in certificate form or in dematerialized form. In the event that such notice or requisite details have not been received by the Demerged Company or the Resulting Company in respect of any member, the shares shall be issued by them to such members in certificate form. In respect of those members exercising the option to receive the shares in dematerialized form, such members shall have opened and maintained an account with a depository participant, and shall provide such other confirmation, information and details as may be required. Each member of the Demerged Company holding shares in dematerialized form shall receive equity shares respectively of Demerged Company and Resulting Company in dematerialized form.
29. Equity shares to be issued by the Demerged Company and the Resulting Company pursuant to this Scheme, in respect of any equity shares of Demerged Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise, shall pending

allotment or settlement of dispute by order of Court or otherwise be held by the trustees appointed by the Demerged Company and the Resulting Company respectively.

- 30 In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors, or any committee thereof, of the Demerged Company shall be empowered in appropriate cases, even subsequent to the Record Date, as the case may be, to effectuate such a transfer in the Demerged Company, as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the Demerged Company or Resulting Company, as the case may be, in respect of such shares.
31. Unless otherwise determined by the Board of Directors, or any committee thereof, of the Demerged Company and the Board of Directors, or any committee thereof, of the Resulting Company, allotment of shares in terms of this Scheme shall be done within 90 days from the Effective Date.
32. On allotment of shares by the Resulting Company in terms of Clause 23 above, the existing shareholding of the Demerged Company, in the Resulting Company shall be cancelled as an integral part of this Scheme in accordance with provisions of Sections 100 to 103 of the Act and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable.



SECTION 5 – GENERAL

33. Accounting Treatment:

- (a) In the books of the Demerged Company:

Upon coming into effect of the Scheme, the Demerged Company shall give effect to the following accounting treatment as at the Demerger Appointed Date:

- (i) The difference between the book value of the assets (net of diminution/depreciation, if any) and the book value of the liabilities of the Demerged Company that is transferred to the Resulting Company pursuant to the Scheme and such amount of diminution/depreciation, if any, to the extent considered appropriate by the Board of Directors of the Demerged Company in the value of assets of the Demerged Company would be first debited to the Share Capital Account of the Demerged Company to the extent of the amount of reduction in the paid-up share capital of the Demerged Company pursuant to the Scheme, thereafter the balance shall be debited to the Share Premium Account in accordance with the provisions of Section 100 of the Act and the balance, if remaining thereafter, would be adjusted against the General Reserve Account.
 - (ii) The application and consequential reduction of the Share Capital Account and Share Premium Account, as per sub-clause (i) above, shall be effected as an integral part of the Scheme itself as the same does not involve either diminution of liability in respect of unpaid Share Capital or payment to any shareholder of any paid-up Share Capital and the Order of the Court sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Act confirming the reduction in the Share Capital Account and Share Premium Account of the Demerged Company.
- (b) In the books of the Resulting Company:

Upon coming into effect of the Scheme, the Resulting Company shall give effect to the following accounting treatment as at the Demerger Appointed Date:

- (i) The Resulting Company shall, record the assets and liabilities (difference between the assets and liabilities hereinafter referred to as "Net Assets") vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of the Demerged

Company, at the close of business of the day immediately preceding the Demerger Appointed Date.

- (ii) The Resulting Company shall credit to its Share Capital Account in its books of account the aggregate face value of the new equity shares issued by it to the members of the Demerged Company pursuant to Clause 23(a) of the Scheme.
- (iii) The excess of the Net Assets over the face value of new equity shares allotted in accordance with Clause 23(a) of the Scheme shall be credited to the General Reserve Account in the books of the Resulting Company. It is clarified that the balance in the General Reserve Account in the books of the Resulting Company after such credit shall constitute, and shall be deemed to constitute revenue reserves.

(c) It is hereby clarified that pursuant to the provisions of Clause 13 of the Scheme, all transactions during the period between the Appointed Date and Effective Date relating to the Demerged Undertaking would be duly reflected in the financial statements of the Resulting Company, upon the Scheme coming into effect.

34. (a) Upon coming into effect of the Scheme, Clause (V) of the Memorandum of Association of the Resulting Company shall, without any further act, deed or instrument, be substituted by the following clause:

"The Authorised Share Capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) divided into 2,50,00,000 (Two crores and Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten each) with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions, as may be determined, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."



PART III - OTHER TERMS & CONDITIONS

35. (a) The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.
- (b) The holders of the shares of the Demerged Company and the Resulting Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- (c) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of Directors of the Demerged Company and the Resulting Company respectively, and subject to the approval of the shareholders of the Demerged Company and the Resulting Company respectively.
36. The Demerged Company and the Resulting Company shall make necessary applications before the High Court of Judicature at Bombay for the sanction of this Scheme under Sections 391 and 394 of the Act.
37. (a) The Demerged Company (by its Board of Directors) and the Resulting Company (by its Board of Directors) either by themselves or through a committee appointed by them in this behalf, may, in their full and absolute discretion, assent to any alteration or modification to this Scheme which either the Boards of Directors of the Demerged Company or the Resulting Company, as the case may be, deem fit, or which the Court and/or any other Authority may deem fit to approve or impose.



(b) The Demerged Company (by its Board of Directors) and the Resulting Company (by its Board of Directors), either by themselves or through a committee appointed by them in this behalf, may give such directions as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation hereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture-holders of the respective companies), or to review the position relating to the satisfaction of various conditions to the Scheme and if necessary, to waive any of those (to the extent permissible under law).

(c) Any issue as to whether any asset, liability, employee or litigation pertains to the Demerged Undertaking or not shall be decided by the Board of Directors of the Resulting Company either by themselves or through a committee appointed by them in this behalf, and if considered necessary by them, after consultation with the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books and records of the Demerged Company).

38. This Scheme is conditional upon and subject to:

- (a) the Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Demerged Company and the Resulting Company as required under the Act and the requisite orders of the High Court of Judicature at Bombay being obtained;
- (b) such other sanctions and approvals including sanction of any Governmental Authority, creditor, lessor or contracting party as

Schedule 1

SALIENT FEATURES OF THE RESULTING COMPANY COMPENSATORY ESOP SCHEME

1. PLAN OBJECTIVES

The objectives of the Plan are:

- 1.1 To compensate the employees of the De-merged Undertaking in respect of the unvested stock options granted to them by the De-merged Company under the Demerged Company Option Scheme that would lapse on the coming into effect of the Scheme of Demerger,.
- 1.2 To reward and retain employees, in keeping with market trends in the IT/ITES sector.
- 1.3 To motivate employees to drive corporate performance and thereby enhance overall shareholder value.

2. DEFINITIONS

- 2.1 "Acceptance letter" means the letter by which the Optionee communicates that the Grant of Options has been accepted, and that he /she will abide by the terms and conditions of the Compensatory ESOP Scheme.
- 2.2 "Allotment Committee" means a committee of the Board, which shall meet periodically to allot Shares arising out of the Exercise by the Optionees
- 2.3 "Board" means the Board of Directors of the Company.
- 2.4 "Company" means HTMT Technologies Limited and any successor company thereof and includes where the context so requires, the subsidiaries of HTMT Technologies Limited.
- 2.5 "Compensatory ESOP Scheme" means this HTMT Technologies Ltd. Compensatory Employee Stock Option Plan, 2006.
- 2.6 "Compensation Committee" means a committee of Directors of the Company constituted by the Board consisting of a majority of independent Directors and entrusted with the authority to implement the Compensatory ESOP Scheme.
- 2.7 "Corporate Action" means rights issue, bonus issue, merger, sale of division, amalgamation, merger, demerger, reconstruction, reorganisation or such action by which the controlling or the shareholding pattern of the Company undergoes any kind of change.
- 2.8 "Date of Separation" means the last date of employment with the Company.
- 2.9 "Demerged Undertaking" means and includes the whole of the business, undertaking, activities and operations of information technology / information technology enabled services ("IT/ITES") of the Demerged Company including such business, undertaking, activities and operations carried on directly or indirectly through its branches and subsidiaries in India and abroad.



- 2.10 "**Demerged Company Option Scheme**" means Hinduja TMT Limited Employees Stock Option Plan, 2001 of HTMT
- 2.11 "**Director**" means a director on the Board.
- 2.12 "**Effective Date**" means the date on which all the conditions and matters in relation to the Scheme of Demerger have been fulfilled and the Scheme of Demerger becomes effective.
- 2.13 "**Employee/Transferred Employee**" means an employee of the Demerged Undertaking and includes an employee of HTMT and employees of the IT/ITES subsidiaries of HTMT, whether working in India or abroad on the Grant Date, whose options granted by HTMT pursuant to the Demerged Company Option Scheme lapsed on the coming into effect of the Scheme of Demerger.
- 2.14 "**Exercise**" means an act whereby the Optionee makes a written application to the Company, to subscribe for the Shares against the Options Vested in him / her under the Compensatory ESOP Scheme together with payment of the Exercise Price.
- 2.15 "**Exercise Application**" is the application form in which the Optionee has to apply to the Company along with the cheque / demand draft in respect of the Exercise Price for Exercising the Options granted to him/her.
- 2.16 "**Exercise Price**" means in relation to each Transferred Employee, such price at which the said Transferred Employee was originally granted the Lapsed Options of the Demerged Company, being also the price at which such Transferred Employee, as Optionee is entitled to subscribe to the Shares arising out of Options Granted and Vested in him/her under the Compensatory ESOP Scheme.
- 2.17 "**Exercise Period**" means the time period after Vesting, within which the Optionee should Exercise his/her right to apply for Shares against the Options vested in him/her under the Compensatory ESOP Scheme.
- 2.18 "**First Anniversary Date**" means the date, which falls after one year of the Grant Date.
- 2.19 "**Grant**" is the process whereby the Compensation Committee shall be deemed to have granted Options to the Transferred Employees under this Compensatory ESOP Scheme on the Grant Date.
- 2.20 "**Grant Date**" means the Effective Date and which shall be the date the Transferred Employee shall be deemed to have been Granted Options by the Company under the Compensatory ESOP Scheme.
- 2.21 "**HTMT**" or "**Demerged Company**" means Hinduja TMT Limited.
- 2.22 "**Lapsed Options of the Demerged Company**" means and includes options granted by HTMT under the Demerged Company Option Scheme, to employees engaged in the Demerged Undertaking which have not vested as of the Effective Date, which stock options would lapse upon coming into effect of the Scheme of Demerger on the Effective Date.
- 2.23 "**Letter of Grant**" means the letter issued by the Company to an Employee intimating the Grant of Options to him/her for acquiring a specified number of Shares at the Exercise Price.

- 2.24 **"Nominee"** shall mean the person nominated by the Employee as provided in this Plan.
- 2.25 **"Normal Retirement Date"** shall mean the date on which an Employee is due to retire from the services of the Company, in accordance with the service conditions to which he/she is subject.
- 2.26 **"Option"** means a right (but not an obligation) granted to an Employee to apply for a specified number of Shares of the Company at a future date and at a predetermined price (being the Exercise Price) in accordance with the terms stated in this Compensatory ESOP Scheme. However, Options do not carry voting rights as available to an ordinary shareholder and as defined in the Companies Act, 1956. Each Grant of an Option would represent the right to apply for one fully paid-up equity share of the Company of the face value of Rs. 10/- per share. In case of sub-division of Shares or in case of bonus, rights, etc. the number of Options will be suitably adjusted by the Compensation Committee.
- 2.27 **"Optionee"** means a Transferred Employee to whom Options have been Granted pursuant to this Compensatory ESOP Scheme, and who has accepted such Grant by signing the Acceptance Letter and includes where the context so requires, the Nominee or the legal heirs of a deceased Employee.
- 2.28 **"Plan" or "Compensatory ESOP Scheme"** means this HTMT Technologies Limited Compensatory Employees Stock Option Plan, 2006.
- 2.29 **"Scheme of Arrangement" or "Scheme of Demerger"** means Scheme of arrangement and reconstruction between HTMT and the Company and their respective shareholders and creditors .
- 2.30 **"Second Anniversary Date"** means the date, which falls after two years of the Grant Date.
- 2.31 **"Share"** means the equity shares of the Company.
- 2.32 **"SEBI ESOP Guidelines"** means the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as revised from time to time.
- 2.33 **"Vesting"** means the process by which the Optionee is given the right to apply for Shares against Options granted to him/her under the Compensatory ESOP Scheme.
- 2.34 **"Vesting Date"** means the earliest date on which the Optionee may Exercise his / her right to seek allotment of Shares in terms of the Vesting Schedule under the Compensatory ESOP Scheme.
- 2.35 **"Vesting Schedule"** shall have the meaning assigned to it in Clause 6.2 hereof.

3. AUTHORITY AND POWERS OF THE COMPENSATION COMMITTEE

- 3.1 Notwithstanding anything stated herein, the Compensation Committee in its absolute discretion has been authorised to determine all the terms governing the Compensatory ESOP Scheme including any variation thereof and including but not limited to



- 3.1.1 The terms and conditions subject to which the Options vested would be exercisable by an Optionee.
 - 3.1.2 The period within which the Options have to be Exercised by the Optionee.
 - 3.1.3 The procedure for cashless Exercise of Options, if any.
 - 3.1.4 Giving effect to amendments in the number of Options and/or the Exercise Price as a result of Corporate Actions.
 - 3.1.5 Giving effect to amendments in the Vesting Schedule and/or Exercise Period in the case of Optionees who have separated from the Company's service by reason of any disability of pursuant to any scheme of voluntary retirement or for any other reason, which in the opinion of the Compensation Committee, is a fit case for making any such amendments.
 - 3.1.6 Resolution of any disputes arising on any matter arising out of the implementation of this Plan.
 - 3.1.7 Accelerate the Vesting Schedule.
 - 3.1.8 Cancellation of Options on account of misconduct of Optionee
- 3.2 The terms prescribed by the Compensation Committee and/or the resolution by the Compensation Committee of any dispute, shall be final and binding on all the Employees/ Optionees.

4. ELIGIBILITY, GRANT CONDITIONS AND NOMINATION

4.1 Eligible Employees

- 4.1.1 All Transferred Employees of the Company pursuant to the Scheme of Demerger are the eligible employees, under the Compensatory ESOP Scheme, and to whom the Options as stated in para 5.1 shall be deemed to have been Granted on the Grant Date

4.2 Grant conditions

- 4.2.1 Options granted to an Employee shall not be transferred to any other person.
- 4.2.2 No person other than the Optionee shall be entitled to Exercise the Option, save as provided in 6.6.
- 4.2.3 Options granted to an Employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.
- 4.2.4 An Optionee is required to sign and return to the Company the Acceptance Letter in the prescribed form in order to be entitled to Exercise the Options Granted to him/her under this Plan.

4.3 Nomination

- 4.3.1 An Optionee may appoint any person as his/her Nominee in the prescribed form, for exercising the rights in the circumstances specified in para 6.6.
- 4.3.2 An Optionee may revoke such nomination at any time and a fresh nomination may be made on such revocation.



4.3.3 Upon the demise of the Optionee, the Nominee, if any, shall alone be entitled to Exercise the rights of the Optionee concerned and the Company shall not be liable in relation to any rights and obligations amongst the legal heirs of the Optionee concerned.

4.3.4 If the Optionee fails to make a nomination, the ensuing Shares will be issued to the legal heirs only upon such evidence being produced to the absolute satisfaction of the Board as may be required from time to time.

5. NUMBER OF OPTIONS

5.1 Every Transferred Employee shall be deemed to have been granted by the Compensation Committee with effect from Grant Date, the number of Options, equal to the number of Lapsed Options of the Demerged Company.

6. VESTING OF OPTIONS

6.1 **Vesting Period:** There shall be a period of one year between the Grant Date and Vesting of Options.

6.2 **Vesting Schedule:** The Vesting Schedule for the Options granted to the Transferred Employee shall be as under:

- One half of the Options will vest on the First Anniversary Date
- The balance half of the Options will vest on the Second Anniversary Date.

6.3 **Accelerated vesting:** Subject to the provisions of para 6.1, the Compensation Committee may at its discretion accelerate the Vesting Schedule for some or all of the Options granted to the Transferred Employees in the event of Corporate Action, which in the opinion of the Compensation Committee is an appropriate case for acceleration of the Vesting Schedule.

6.4 **Vesting in the event of retirement:** Options that had been Granted to an Optionee who retires from the Company's services on the Normal Retirement Date or thereafter (such Optionee being hereinafter referred to as "Retired Optionee"), shall vest in accordance with the Vesting Schedule specified in para 6.2.

6.5 **Vesting in the event of permanent incapacity:** Subject to the provisions of para 6.1, all Options granted to an Optionee who suffers a permanent incapacity while in employment, shall vest in him/her as on the date of permanent incapacitation.

6.6 **Vesting in the event of Death of an Optionee:** Subject to the provisions of para 6.1 in the event of (a) death of an Optionee while in employment or (b) death of a retired Optionee, all the Options granted to him/her till such date, shall immediately vest in the Nominee (or in the legal heirs in the vent there is no Nominee) of the deceased Optionee or deceased Retired Optionee, as the case may be.

6.7 **Vesting for Employees on long leave:** The Vesting Schedule may be extended by the entire duration of the leave period for Employees on long leave, subject to a maximum period of 24 months from the Grant Date.

7. EXERCISE OF OPTIONS:



- 7.1 **Exercise Timeframe:** An Optionee or Retired Optionee may exercise his/her vested Options, in part or in whole any day after the earliest applicable Vesting Date and prior to the completion of the 36th month from the Grant Date.
- 7.2 **Exercise of Vested Options in the event of Death:** The Nominee, or in the event there is no Nominee, the legal heirs of a deceased Optionee or Retired Optionee, as the case may be, may Exercise the Options at any time prior to the completion of the 36th month from the Grant Date
- 7.3 **Exercise of Vested Options in the event of resignation or termination of services:** An Optionee who separates from the services of the Company for any reason other than (a) retirement on the Normal Retirement Date or thereafter, (b) death (c) permanent incapacity (d) Corporate Action, may Exercise the vested Options at any time within a period of three months from the last date of employment with the Company, or within a period of 36th months from the Grant Date whichever is earlier.
- 7.4 **Exercise of Vested Options in the event of permanent incapacity:** An Optionee who suffers permanent incapacity while in employment may exercise the Options at any time prior to the completion of the 36th month from the Grant Date.
- 7.5 **Remittance on Exercise of Options:** An Optionee (or as the case may be, the Nominee or legal heir of a deceased Optionee or deceased Retired Optionee), shall remit the full amount payable by him/her on Exercise of the Options together with the Exercise Application in the prescribed form, indicating the number of Options Exercised, in the manner stated in the said Exercise Application.

8. LAPSE OF OPTIONS

- 8.1 Notwithstanding anything contained elsewhere in this Plan, the Options vested in, but not exercised by, an Optionee as well as unvested Options, will lapse, in case of termination of his/her employment for any reason, which in the opinion of the Compensation Committee is an appropriate case for lapse of the Option, including but not limited to the following:
- 8.1.1 Misconduct,
 - 8.1.2 Fraud,
 - 8.1.3 Unauthorised disclosure of confidential data.
- 8.2 **Treatment of unvested Options:** If an Optionee separates from the services of the Company for any reason other than (a) retirement on the Normal Retirement Date or thereafter, (b) death or (c) permanent incapacity (d) separation from services of the Company due to Corporate Action;
- 8.2.1 all unvested Options outstanding on the date of separation of the Optionee will lapse on the said date of separation.
- 8.2.2 all Vested Options that have not been Exercised within a period of three months from the last day of employment with the Company, or within a period of 36th months from the Grant Date whichever is earlier, will lapse.

Provided that in the event of resignation / termination from the services of the Company for reasons other than (a) retirement on the Normal Retirement Date or thereafter, (b) death or (c) permanent incapacity (d) separation from services of



the Company due to demerger or any Corporate Action, the unexercised Options will lapse.

9. ALLOTMENT OF SHARES ON EXERCISE OF OPTIONS: The Allotment Committee shall periodically allot shares arising out of Exercise of Options. The Company's shares are proposed to be/ will be traded on Stock Exchanges compulsorily in dematerialised form. The Shares allotted by the Allotment Committee, pursuant to receipt of valid Exercise Applications will be allotted only in dematerialised form.

10. LOCK-IN PERIOD

No lock-in restriction would apply to the Shares issued consequent upon the Exercise of Options granted under this Plan.

11. PRICING

11.1 The Exercise Price of Options Granted, pursuant to this Compensatory ESOP Scheme, in relation to each Transferred Employee shall be such price at which the said Transferred Employee was originally granted the Lapsed Options of the Demerged Company.

11.2 In the event of any changes in the number and/or face value of the outstanding equity shares of the Company by way of stock split, exchange of shares, recapitalisations, Corporate Action or otherwise, the Exercise Price per Share/number of unvested and Vested but not Exercised Options shall be appropriately adjusted in accordance with the directions of the Compensation Committee in this matter, and such directions shall be binding.

12. TRANSFER OF OPTIONEES

An Optionee whose services are transferred from the Company to any of its subsidiary, shall be entitled to retain his/her entitlement to the Options granted to him/her, in accordance with the terms and conditions specified in the Letter of Grant, subject to the provisions of this Plan.

13. TAXES

All taxes consequent upon the grant/exercise of stock options under this Plan will be borne by the Optionee or by the Nominee/legal heir as the case may be.

14. COMPLIANCE WITH REGULATIONS

Optionees are required to comply with all applicable laws and regulations relating to the exercise of rights attached to the Options.

15. GENERAL RISKS AND DISCLOSURES

Participation in the Plan shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the market price of the equity and the risks associated with the investment are that of the Employee alone.

16. CHANGE OF PLAN

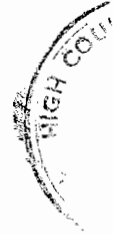
The Company and Compensation Committee have the discretion to change the terms and conditions of the Plan. However, the change shall not be to the detriment of the Employees participating in the Plan and shall have effect only after complying with the conditions specified in the SEBI ESOP Guidelines.



17 NOT CONTRACT OF EMPLOYMENT

- 17.1 Grant of Options under this Plan shall not form part of any contract of employment between the Company and the Employee. The rights and obligations of any individual under the terms of his office or employment with the Company shall not be affected by his/her participation in this Plan.
- 17.2 Nothing in this Plan shall be construed as affording an Employee any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.
- 17.3 This Plan shall not confer on any person any legal or equitable rights against the Company either directly or indirectly or give rise to any cause of action on law or equity against the Company

-----X-----



FORM OF MINUTES

“Upon the coming into effect of the Scheme of Arrangement and Reconstruction between Hinduja TMT Limited and HTMT Technologies Limited and their respective shareholders and creditors (the “Scheme”) and on allotment of shares by the Company in terms of Clause 23 of the Scheme the Issued, Subscribed and Paid up share capital of the Company be reduced from Rs.207880030/- consisting of 20788003 equity shares of Rs. 10/- each fully paid-up to Rs. 205380030/- consisting of 20538003 equity shares of Rs.10/- each fully paid-up and that the reduction be effected by cancellation of 250000 equity shares of Rs. 10/- each fully paid-up”



TRUE COPY

[Signature]
Amarchand & Mangaldas &
Suresh A. Shroff & Co.
Advocates & Solicitors

TRUE COPY

[Signature]
M. D. NARVEYAR
COMPANY SECRETARY
HIGH COURT (O.S.)
BOMBAY

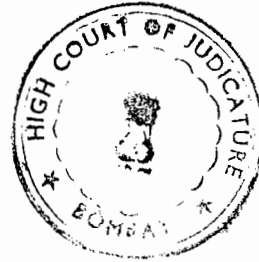
IN THE HIGH COURT OF JUDICATURE AT
BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY PETITION NO. 790 OF 2006
CONNECTED WITH
COMPANY APPLICATION NO 1046 OF 2006.

In the matter of Petition filed under
Sections 100 and 391 of the Companies
Act, 1956;

And

In the matter of the Scheme of
Arrangement and Reconstruction
between Hinduja TMT Limited and
HTMI Technologies Limited and their
respective shareholders and creditors.

HTMT Technologies Limited ..Petitioner Company.



Authenticated Copy of the Minutes of the
Order Dated 23rd February, 2007 along with
copy of the Scheme of Arrangement.

Dated this 06th day of March, 2007

27/2/07
Engrossed on
Section Writer
Folio
Examined by [Signature]
Compared with [Signature]
Ready on 06-03-07
Balanced on 06-03-07

M/s. Amarchand & Mangaldas & Suresh A.
Shroff & Co.
Peninsula Chambers, Peninsula Corporate Park,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai - 400 013.
Advocates for the Petitioner Company