

**MASTEK LIMITED**

Regd. Office: 804/805, President House, Opp. C. N. Vidyalaya, Near Ambawadi Circle, Ahmedabad-380006;  
 Email:investor\_grievances@mastek.com; Website: www.mastek.com; Phone:+91-79-26564337; Fax +91-22-66951331  
 (CIN: L74140GJ1982PLC005215)

**COURT CONVENED MEETING OF THE SECURED CREDITORS OF MASTEK LIMITED**

<b>Day</b>	Thursday
<b>Date</b>	5 <sup>th</sup> March, 2015
<b>Time</b>	10:00 a.m.
<b>Venue</b>	H.T. Parekh Hall, First floor, Ahmedabad Management Association, AMA complex, ATRA, Dr. Vikram Sarabhai Marg, Ahmedabad, 380015.

<b>Sr. No.</b>	<b>Contents</b>	<b>Page No.</b>
1.	Notice of Court Convened Meeting of the Secured Creditors of Mastek Limited	2-3
2.	Explanatory statement under Section 393 of the Companies Act, 1956	4-32
3.	Scheme of Arrangement between Mastek Limited (" <b>Mastek</b> "), Minefields Computers Limited (" <b>MCL</b> ") and Majesco Software And Solutions India Private Limited (" <b>MSSIPL</b> ") and their respective shareholders and creditors	33-80
4.	Observation Letter(s) from:- (a) National Stock Exchange of India Limited dated 9 <sup>th</sup> December, 2014 (b) BSE Limited dated 9 <sup>th</sup> December, 2014	81-84
5.	Complaints Report dated 20 <sup>th</sup> October, 2014 submitted by the Company with the Bombay Stock Exchange and National Stock Exchange of India Limited.	85-86
6.	Share Entitlement Ratio report dated 13 <sup>th</sup> September, 2014 by Walker Chandiok & Co. LLP for the demerger of Insurance Products and Services Business of Mastek Limited into Minefields Computers Limited and subsequent valuation of Offshore Insurance Operations of Minefields Computers Limited for the slump sale of Offshore Insurance Operations to Majesco Software And Solutions India Private Limited.	87-97
7.	Fairness Opinion dated 15 <sup>th</sup> September, 2014 by Merchant Banker, Kotak Mahindra Capital Company Limited	98-99
8.	Form of Proxy	101-102
9.	Attendance Slip	103

# Mastek Limited

## IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

### ORIGINAL JURISDICTION COMPANY APPLICATION NO. 23 OF 2015

In the matter of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956;

AND

In the matter of Mastek Limited, a Company registered under the Companies Act, 1956 and having its registered office at 804/805, President House, Opp. C. N. Vidyalaya, Nr. Ambawadi Circle, Ahmedabad, 380 006 in the state of Gujarat.

AND

In the matter of Scheme of Arrangement in the nature of Demerger of Insurance Products and Services Business of Mastek Limited to Minefields Computers Limited and slump sale of Offshore Insurance Operations by Minefields Computers Limited to Majesco Software And Solutions India Private Limited.

<b>MASTEK LIMITED</b> , a Company registered under the	)	
Companies Act, 1956 and having its registered office	)	
at 804/805, President House, Opp. C. N. Vidyalaya,	)	
Nr. Ambawadi Circle, Ahmedabad, 380 006, Gujarat	)	Demerged Company

### NOTICE CONVENING THE MEETING OF THE SECURED CREDITORS

To,

The Secured Creditors of Mastek Limited,

**TAKE NOTICE** that by an Order made on 22<sup>nd</sup> January 2015, the Hon'ble High Court of Gujarat has directed that a meeting of the Secured Creditors of Mastek Limited, be convened and held on Thursday, the 5<sup>th</sup> day of March 2015 at 10.00 a.m., at the H. T. Parekh Hall on First Floor, Ahmedabad Management Association, AMA Complex, ATRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, in the state of Gujarat; for the purpose of considering, and if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement in the nature of demerger of Insurance Products and Services Business of Mastek Limited to Minefields Computers Limited and further slump sale of Offshore Insurance Operations by Minefields Computers Limited to Majesco Software And Solutions India Private Limited, as proposed between the Demerged Company and its shareholders and creditors.

**TAKE FURTHER NOTICE** that in pursuance of the said Order, and as directed therein, a meeting of the Secured Creditors of the Demerged Company will be convened and held on Thursday, the 5<sup>th</sup> day of March 2015 at 10.00 am., at the H. T. Parekh Hall on First Floor, Ahmedabad Management Association, AMA Complex, ATRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, in the state of Gujarat, when you are requested to attend.

**TAKE FURTHER NOTICE** that you may attend and vote at the said meeting in person or by proxy, provided that the proxy in the prescribed form duly signed and stamped by you or by your authorised representative in case of Company / Body Corporate,

is deposited at 804/805, President House, Opp. C. N. Vidyalaya, Nr. Ambawadi Circle, Ahmedabad, 380 006, the Registered Office of the Demerged Company, not later than 48 (Forty Eight) hours before the meeting.

The Hon'ble High Court of Gujarat has appointed Mr. S. Sandilya, Non-Executive Chairman and Independent Director of the Demerged Company, failing him Mr. Ashank Desai, Non-Executive Director of the Demerged Company and failing him Mr. Venkatesh Chakravarty, Non-Executive Director (Independent) of the Demerged Company, to be the Chairman of the said meeting.

A copy of each of the Scheme of Arrangement, the Explanatory Statement under Section 393 of the Companies Act, 1956, Complaints Report, Observation letters issued by Stock Exchanges, Share Entitlement Ratio Report, Fairness Opinion, Form of Proxy and Attendance Slip are enclosed.

Sd/-

**S. Sandilya**  
**Chairman appointed for the meeting**

Dated this 31<sup>st</sup> day of January 2015  
Mumbai, India

Registered Office:  
804/805, President House, Opp. C. N. Vidyalaya,  
Nr. Ambawadi Circle, Ahmedabad, 380 006  
in the state of Gujarat.

**Note:**

1. The said meeting can be attended either in person or by an Authorised Representative in case of Company / Body Corporate or by Proxy appointed by the secured creditors.

# Mastek Limited

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

ORIGINAL JURISDICTION

COMPANY APPLICATION NO. 23 OF 2015

IN THE MATTER OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTION 100 TO 103 OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT

AMONG

MASTEK LIMITED

("DEMERGED COMPANY")

AND

MINEFIELDS COMPUTERS LIMITED

("TRANSFEROR/RESULTING COMPANY")

AND

MAJESCO SOFTWARE AND SOLUTIONS INDIA PRIVATE LIMITED

("TRANSFeree COMPANY")

## MASTEK LIMITED

Having its registered office at  
804/805, President House,  
Opp. C. N. Vidyalaya,  
Nr. Ambawadi Circle,  
Ahmedabad, 380 006, Gujarat.

..... Demerged Company

## EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. This Scheme of Arrangement ("**the Scheme**") provides for demerger of Insurance Products and Services Business of Mastek Limited to Minefields Computers Limited and transfer by way of slump sale of Offshore Insurance Operations by Minefields Computers Limited to Majesco Software And Solutions India Private Limited and consequential restructuring of share capital of Minefields Computers Limited pursuant to Sections 391 to 394 read with Sections 100 to 103 and other relevant provisions of the Companies Act, 1956 and applicable provisions of the Companies Act, 2013. Pursuant to an Order dated 22<sup>nd</sup> January, 2015 passed by the Hon'ble High Court of Gujarat at Ahmedabad in the Company Application No. 23 of 2015, separate meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of Mastek Limited, are being convened and held at H. T. Parekh Hall on First Floor, Ahmedabad Management Association, AMA Complex, ATRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, in the state of Gujarat on Thursday, the 5<sup>th</sup> day of March 2015 for the purpose of considering and if thought fit, approving with or without modification(s), the aforesaid Scheme.
2. The Board of Directors of the Demerged Company, the Resulting Company and the Transferee Company had vide a resolution passed at their Board Meetings held on 15<sup>th</sup> September, 2014, 15<sup>th</sup> September, 2014 and 5<sup>th</sup> January, 2015 respectively, approved the terms and conditions of the Scheme pursuant to the provisions of Sections 391 to 394 read with Sections 100 to 103 and other relevant provisions of the Companies Act, 1956 and applicable provisions of the Companies Act, 2013. The same was sent to BSE Limited ("**BSE**") as well as The National Stock Exchange of India Limited ("**NSE**") for obtaining their approval.

3. Post receipt of comments from the Securities and Exchange Board of India (“SEBI”) on the Scheme which were incorporated into the Scheme, the Demerged Company has received, in terms of Clause 24(f) of the Listing Agreement, respective observation letters from BSE and NSE, both dated 9<sup>th</sup> December 2014 conveying their ‘No-Objection’ for filing the Scheme with the High Court.
4. As required by Circular No.CIR/CFD/DIL/5/2013 dated 4<sup>th</sup> February, 2013 issued by SEBI read with Circular No. CIR/CFD/DIL/8/2013 dated 21<sup>st</sup> May, 2013 issued by SEBI (“SEBI Circular”), the Scheme alongwith related documents was hosted on the websites of the Demerged Company, NSE and BSE and was open for complaints / comments from 26<sup>th</sup> September, 2014 to 19<sup>th</sup> October, 2014. During the above period, the Demerged Company has not received any complaint / comment and accordingly, the Demerged Company has filed a NIL complaints report with the respective Stock Exchanges on 20<sup>th</sup> October, 2014.

## 5. BACKGROUND OF THE COMPANIES

### 5.1 MASTEK LIMITED

- 5.1.1 The Demerged Company was incorporated as a private limited company on 14<sup>th</sup> May, 1982 under the provisions of the Companies Act, 1956 under the name and style of “Management and Software Technology Private Limited” in the office of the Registrar of Companies, Gujarat. Subsequently, the name of the Demerged Company was changed to “Mastek Private Limited” with effect from 18<sup>th</sup> March, 1992. Further, the name of the Demerged Company was changed to its present name “Mastek Limited” with effect from 18<sup>th</sup> August, 1992 pursuant to the company becoming a Public Limited Company. It has been a listed public limited company since 30<sup>th</sup> March, 1993. The Company Identification Number of the Demerged Company is L74140GJ1982PLC005215.
- 5.1.2 The registered office of the Demerged Company is situated at 804/805, President House, Opp. C. N. Vidyalaya, Nr. Ambawadi Circle, Ahmedabad, 380 006 in the State of Gujarat.
- 5.1.3 As per the latest Audited Balance Sheet of the Demerged Company as on 31<sup>st</sup> March, 2014, the share capital consists of the following:

Particulars	Amount (Rs.)
<b>Authorised Share Capital</b>	
4,00,00,000 Equity Shares of Rs. 5/- each	20,00,00,000/-
20,00,000 Preference Shares of Rs. 100/- each	20,00,00,000/-
<b>TOTAL</b>	<b>40,00,00,000/-</b>
<b>Issued, Subscribed &amp; Fully Paid-up Equity Share Capital</b>	
2,21,60,680 Equity Shares of Rs. 5/- each	11,08,03,400/-
<b>TOTAL</b>	<b>11,08,03,400/-</b>

Subsequent to the above, there has been a change in the issued, subscribed and fully paid up share capital of the Demerged Company pursuant to issue of shares under the Existing Stock Option Schemes. The new issued, subscribed and fully paid up share capital of the Demerged Company as on 13<sup>th</sup> January, 2015 was as under:

Particulars	Amount (Rs.)
<b>Authorised Share Capital</b>	
4,00,00,000 Equity Shares of Rs. 5/- each	20,00,00,000/-
20,00,000 Preference Shares of Rs. 100/- each	20,00,00,000/-
<b>TOTAL</b>	<b>40,00,00,000/-</b>
<b>Issued, Subscribed &amp; Fully Paid-up Equity Share Capital</b>	
2,24,31,447 Equity Shares of Rs. 5/- each	11,21,57,235/-
<b>TOTAL</b>	<b>11,21,57,235/-</b>

## Mastek Limited

Subsequent to the above, there has been a change in the issued, subscribed and fully paid up share capital of the Demerged Company pursuant to issue of shares under the Existing Stock Option Schemes. The new issued, subscribed and fully paid up share capital of the Demerged Company as on 22<sup>nd</sup> January, 2015 is as under:

Particulars	Amount (Rs.)
<b>Issued, Subscribed &amp; Fully Paid-up Equity Share Capital</b>	
2,24,42,934 Equity Shares of Rs. 5/- each	11,22,14,670/-
<b>TOTAL</b>	<b>11,22,14,670/-</b>

5.1.4 The Equity Shares of the Demerged Company are listed on BSE and NSE.

5.1.5 Mastek is a leading IT player with global operations providing enterprise solutions to insurance, government, and financial services organizations worldwide. With its principal offshore delivery facility based at Mumbai, India, Mastek operates across the USA, Europe, and Asia Pacific regions. Currently Mastek has two distinct business verticals:

- Insurance Products and Services Business – This business vertical is Intellectual Property centric, domain intensive and largely caters to the US insurance market, with some customers in other jurisdictions like Canada, Malaysia, Thailand and UK.
- Vertical Solutions Business – This business vertical delivers large unique complex programs, leveraging information technology service capabilities. This business largely caters to the UK markets, serving government, financial service and retail customers.

The revenue of the Demerged Company on standalone basis during the financial year ended on 31<sup>st</sup> March, 2014 was Rs. 550.04 crore and the net profit after tax was Rs. 26.97 crore. It has built up reserves of Rs. 315.47 crore. Thus, it is a growth oriented, profit making and dividend paying company.

## 5.2 MINEFIELDS COMPUTERS LIMITED

5.2.1 Minefields Computers Limited (“**Resulting Company**” or “**Transferor Company**” or “**MCL**”), was incorporated on 27<sup>th</sup> June, 2013 under the provisions of the Companies Act, 1956 under the name and style of “Minefields Computers Private Limited”. Subsequently, on 22<sup>nd</sup> December, 2014, upon conversion of the company into a Public Limited Company, its name was changed to “Minefields Computers Limited”. The Company Identification Number of MCL is U72300MH2013PLC244874.

5.2.2 The Registered Office of MCL is situated at Mastek New Development Centre, MBP-P-136, Mahape, Navi Mumbai – 400710.

5.2.3 The authorised share capital and the issued, subscribed and fully paid-up share capital of MCL, as on 31<sup>st</sup> March, 2014 was as under:

Particulars	Amount (Rs.)
<b>Authorised Share Capital</b>	
10,000 Equity Shares of Rs. 10/- each	1,00,000/-
<b>TOTAL</b>	<b>1,00,000/-</b>
<b>Issued, Subscribed &amp; Fully Paid-up Equity Share Capital</b>	
10,000 Equity Shares of Rs. 10/- each	1,00,000/-
<b>TOTAL</b>	<b>1,00,000/-</b>

MCL has become a 100% wholly owned subsidiary of the Demerged Company with effect from 15<sup>th</sup> September, 2014. Subsequent to that, there has been a change in the authorised, issued, subscribed and fully paid up share capital of MCL wherein additional shares were issued by MCL to the Demerged Company. The new authorised, issued, subscribed and fully paid up share capital of MCL as on 13<sup>th</sup> January, 2015 is as under:

Particulars	Amount (Rs.)
<b>Authorised Share Capital</b>	
50,000 Equity Shares of Rs. 10/- each	5,00,000/-
<b>TOTAL</b>	<b>5,00,000/-</b>
<b>Issued, Subscribed &amp; Fully Paid-up Equity Share Capital</b>	
50,000 Equity Shares of Rs. 10/- each	5,00,000/-
<b>TOTAL</b>	<b>5,00,000/-</b>

There is no change in the capital structure of MCL after the above date.

- 5.2.4 MCL, the Resulting and Transferor Company is a recently incorporated company. However, the company shall undertake the commercial activities only upon the Scheme being effective. It is further clarified that under the Scheme it is envisaged that the name of the Resulting Company shall be changed to **Majesco Limited**.

### 5.3 MAJESCO SOFTWARE AND SOLUTIONS INDIA PRIVATE LIMITED

- 5.3.1 Majesco Software And Solutions India Private Limited ("**Transferee Company**" or "**MSSIPL**") was incorporated as a private limited company on 21<sup>st</sup> October, 2014 under the provisions of the Companies Act, 2013 in the office of the Registrar of Companies, Gujarat. The Company Identification Number of MSSIPL is U72900GJ2014PTC081103.
- 5.3.2 The Registered Office of MSSIPL is situated at 805, President House, Near Ambawadi Circle, Ahmedabad – 380015, Gujarat.
- 5.3.3 The authorised share capital and the issued, subscribed and fully paid-up share capital of MSSIPL, as on 13<sup>th</sup> January, 2015 is as follows:

Particulars	Amount (Rs.)
<b>Authorised Share Capital</b>	
50,00,000 Equity Shares of Rs. 10/- each	5,00,00,000/-
<b>TOTAL</b>	<b>5,00,00,000/-</b>
<b>Issued, Subscribed &amp; Fully Paid-up Equity Share Capital</b>	
10,000 Equity Shares of Rs. 10/- each	1,00,000/-
<b>TOTAL</b>	<b>1,00,000/-</b>

There is no change in the capital structure of MSSIPL after the above date.

- 5.3.4 MSSIPL is a recently incorporated company. However, the company shall undertake the commercial activities only upon the Scheme being effective.

## 6. BACKGROUND TO THE SCHEME

Mastek Limited currently has two different business verticals - the Insurance Products and Services Business which is product-led and largely US centric; and, the Vertical Solutions Business that leverages Mastek Limited's unique capability to deliver large and complex programs, and which predominantly caters to the UK market.

The Insurance Products and Services Business offers tremendous growth potential, which requires substantial investments in terms of product research and developments, brand building and sales. It is largely Intellectual Property centric and domain intensive. It is a high gross margin business, with excellent growth opportunities - the insurance industry is currently in the midst of a once in a generation modernization cycle and therefore large majority of insurance carriers are looking at transformation of their core systems over next 5 years. The competitive landscape in this sector is very fragmented, as very few companies offer end to end solutions at competitive prices. In the US, this business is well positioned to gain a large share in this growing market. However, while this business will need significant investments, especially in Research and Development, in order to develop high end, industry leading products over the next few years and tap both organic and

## Mastek Limited

inorganic opportunities, the current business structure of Mastek Limited limits the ability of the Insurance Products and Services Business to fund its organic and inorganic growth independently. This has become a key challenge for the growth of this vertical.

The Verticals Solutions Business, on the other hand, is more profitable and offers a steady growth potential. This business has been the mainstay of Mastek Limited's business over time and Mastek Limited enjoys a good reputation in the market – especially in delivering complex and unique green-field programs within UK and with the Indian government. This business is a more profitable business with good gross margins combined with lower sales costs. It also requires lesser investment as compared to the Insurance Products and Services Business to drive its growth. Digitisation across verticals and changing customer preferences leading to higher spend on information technology provides excellent growth opportunities for this business.

Both business verticals are thus significantly different in terms of their business models, growth opportunities, investment requirements and staff profile. On one hand, the Insurance Products and Services Business offers tremendous growth potential, but also has large investment requirements in terms of Research and Development, brand building and sales. On the other hand, the Vertical Solutions Business offers steady growth, is profitable, but has lesser investment requirements. Operating these business verticals under one umbrella of Mastek Limited has made it difficult for each of the businesses to perform to full potential. Further, the differing risk-reward profile of the two businesses has led to overall performance of Mastek Limited being sub-optimal. The diverse trajectory of the Insurance Products and Services Business and the Vertical Solutions Business also leads to disparate risk-reward profile for the stakeholders.

### 7. RATIONALE FOR THE SCHEME

It was thus felt, after intense deliberations, that in order to mitigate the above challenges, the business of Mastek Limited should be restructured with an aim to create long term shareholder value. Hence, it was decided that the Insurance Products and Services Business should be demerged into an independent company (currently named MCL, to be renamed to Majesco Limited pursuant to Clause 34 of the Scheme), whose shares would also be listed on the Stock Exchange(s) after the demerger, with mirror shareholding as Mastek Limited.

Upon such demerger, Mastek Limited would continue to carry on the Vertical Solutions Business and Majesco Limited (i.e., MCL) would constitute the Insurance Products and Services Business. Both companies would have their own independent management teams and Board of Directors, who can independently chart out their strategies to maximize value creation for their respective stakeholders. Additionally, the Offshore Insurance Operations would be transferred from Majesco Limited (i.e., MCL) to a step down subsidiary, Majesco Software And Solutions India Private Limited. (i.e., the Transferee Company), which is a subsidiary of Majesco Software And Solutions Inc, USA (Formerly known as MajescoMastek Insurance Software and Solutions Inc, USA).

Taking the above background into consideration, the Board of Directors of the Demerged Company recommended a Scheme comprising the following:

- i. The Insurance Products and Services Business of the Demerged Company should be demerged into the Resulting Company i.e., MCL, with Mastek continuing to run the Vertical Solutions Business.
- ii. Issuance of 1 (One) Equity Share by MCL to every shareholder of the Demerged Company as on the Record Date for every 1 (One) Equity Share held in the Demerged Company.
- iii. Transfer of the Offshore Insurance Operations by MCL to MSSIPL, a step down subsidiary.

The key objectives for this restructuring, which is primarily focused towards maximizing shareholder value, are:

- i. it will give shareholders the opportunity to participate in the business of their choice, based on their risk-reward profile;
- ii. it will facilitate each business to independently pursue their growth plans through organic / inorganic means;
- iii. it will enhance management focus and operational flexibility; and
- iv. it will create a platform to enhance financial flexibility to pursue next stage of growth.



## 8. SALIENT FEATURES OF THE SCHEME

## PART I

## DEFINITIONS, SHARE CAPITAL, ETC.

## 1. DEFINITIONS:

1.5 "Demerged Undertaking" or "Insurance Products and Services Business" means the entire undertaking of Mastek pertaining to its Insurance Products and Services Business and includes:

1.5.1 All assets (whether movable or immovable) and liabilities pertaining to the Insurance Products and Services Business including but not limited to the India Insurance Business and the Offshore Insurance Operations, as on the First Appointed Date.

1.5.2 Without prejudice to the generality of the provisions of the sub-clause 1.5.1 above, the Insurance Products and Services Business shall include without limitations the following:

(a) All assets (whether movable or immovable) including freehold land, office premises, all other assets and properties (whether tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) including, without limitation, interests, loans, deposits, advances (including accrued interest), investments including investments in overseas subsidiaries, receivables, cash on hand, investment in mutual funds, liquid funds, balance with banks (including bank fixed deposits), equipment, plant and machinery and the related assets and agreements, capital work in progress, unbilled revenue, furniture, fixtures, office equipment, appliances, accessories, vehicles, power connections, utilities and other service connections, all customer contracts, forward cover contracts, hedging contracts, receivables, claims, refunds, earnest moneys paid, rights and benefits under any agreements or security arrangements and funds, contingent rights, rights arising under contracts and all other rights, title, interests, privileges and benefits of every kind wherever located (including in the possession of vendors, third parties or elsewhere) and used or held, by the Demerged Company in, or otherwise identified for use in, or relating to, the business activities and operations pertaining to the Insurance Products and Services Business of the Demerged Company;

(b) All liabilities and all debts, guarantees, assurances, commitments, obligations, loans, and undertakings of any kind, nature and description whatsoever and howsoever arising, present or future and including, without limitation, borrowings, working capital facilities, advances from customers, unearned revenues, bills payable, interest, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or un-known, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to or relatable to the Insurance Products and Services Business of the Demerged Company;

**Explanation:** For the purpose of this Scheme, it is hereby clarified that the liabilities pertaining to the Insurance Products and Services Business of the Demerged Company shall include:

(i) liabilities, which accrue or arise out of the activities or operations of the Insurance Products and Services Business of the Demerged Company;

(ii) specific loans and borrowings raised, incurred and utilized for the activities or operations of the Insurance Products and Services Business of the Demerged Company; and

(iii) liabilities other than those referred to in sub-clauses (i) and (ii) above and not directly relatable to the Remaining Undertaking of the Demerged Company, being the amounts of general or multipurpose borrowings of the Demerged Company which liabilities shall be allocated to the Insurance Products and Services Business of Demerged Company in the same proportion in which the value of the assets transferred under this Clause bears to the total value of the assets of the Demerged Company immediately before the First Appointed Date.

## Mastek Limited

- (c) All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which the Demerged Company is a party, relating to its Insurance Products and Services Business, or otherwise identified to be for the benefit of the same, approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension pertaining to or relatable to the Insurance Products and Services Business of the Demerged Company;
- (d) All intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, patents, 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, used by the Demerged Company or held for use by the Demerged Company in the business, activities and operations pertaining to its Insurance Products and Services Business;
- (e) All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Demerged Company in relation to or pertaining to its Insurance Products and Services Business, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or semi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by the Demerged Company in respect of business, activities and operations pertaining to its Insurance Products and Services Business;
- (f) All tax credits, including cenvat credits, refunds, reimbursements, claims, exemptions, benefits under service tax laws, value added tax (VAT), purchase tax, sales tax or any other duty or tax or cess or imposts under any Central or State law including sales tax deferrals, special economic zone benefits, excise duty benefits, tax deducted at source, right to carry forward and set-off unabsorbed losses, and depreciation, if any and exemptions, deductions, benefits and incentives under the Income-tax Act in respect of business, activities and operations pertaining to the Insurance Products and Services Business of the Demerged Company;
- (g) All rights, benefits and other interest, whether held in trust or otherwise, contracts, agreements, powers, engagements, arrangements of all kind, privileges and all other rights including title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, possession, power or custody of or in the control of or vested in or granted in favour of or enjoyed by the Demerged Company, whether in India or abroad, all pertaining to or relatable to the Insurance Products and Services Business of the Demerged Company;
- (h) All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to or relatable to the Insurance Products and Services Business of the Demerged Company;
- (i) All such employees including contract employees of the Demerged Company, as are primarily engaged in or in relation to the business activities and operations pertaining to the Insurance Products and Services Business of the Demerged Company at its respective offices, branches, or by its subsidiaries, etc, and any other employees/personnel hired by the Demerged Company on and after the date hereof who are primarily engaged in or in relation to the business, activities and operations pertaining to its Insurance Products and Services Business;

Any question that may arise as to whether a specific asset or liability or any other property or employee pertains or does not pertain to the Insurance Products and Services Business of the Demerged Company or whether it arises out of the activities or operations of the Insurance Products and Services Business

of the Demerged Company shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company.

- 1.6 **“Effective Date”** or **“coming into effect of this Scheme”** or **“upon the Scheme becoming effective”** means the last of the dates on which the actions set out in Clause 32 are duly fulfilled.
- 1.8 **“First Appointed Date”** for the purpose of Demerger of the Insurance Products and Services Business of the Demerged Company into the Resulting Company means April 1, 2014 or such other date as may be determined by the Board of Directors of the Resulting Company or a committee thereof in consultation with the Board of Directors of the Demerged Company or a committee thereof, subject to approval by the High Court.
- 1.16 **“Offshore Insurance Operations”** means the global delivery centre which is part of the Insurance Products and Services Business and includes:
- 1.16.1 All assets (whether movable or immovable) and liabilities pertaining to the Offshore Insurance Operations as on the Second Appointed Date.
- 1.16.2 Without prejudice to the generality of the provisions of the sub-clause 1.16.1 above, the Offshore Insurance Operations shall include without limitations the following:
- (a) All assets (whether movable or immovable) including freehold land, office premises, all other assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) including, without limitation, interests, loans, deposits, advances (including accrued interest), investments, receivables, cash on hand, investment in mutual funds, liquid funds, balance with banks (including bank fixed deposits), equipment, plant and machinery and the related assets and agreements, capital work in progress, unbilled revenue, furniture, fixtures, office equipment, appliances, accessories, vehicles, power connections, utilities and other service connections, all customer contracts, forward cover contracts, hedging contracts, receivables, claims, refunds, earnest moneys paid, rights and benefits under any agreements or security arrangements and funds, contingent rights, rights arising under contracts, and all other rights, title, interests, privileges and benefits of every kind, wherever located (including in the possession of vendors, third parties or elsewhere) and used or held, by MCL in, or otherwise identified for use in, or relating to, the business activities and operations pertaining to the Offshore Insurance Operations of MCL;
  - (b) All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which MCL is a party, relating to its Offshore Insurance Operations, or otherwise identified to be for the benefit of the same, approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension pertaining to or relating to the Offshore Insurance Operations of MCL;
  - (c) All intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, patents, 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, used or held for use by MCL in the business, activities and operations pertaining to its Offshore Insurance Operations;
  - (d) All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by MCL in relation to or pertaining to its Offshore Insurance Operations, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or semi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by MCL in respect of business, activities and operations pertaining to its Offshore Insurance Operations;

## Mastek Limited

- (e) All tax credits, including cenvat credits, refunds, reimbursements, claims, exemptions, benefits under service tax laws, value added tax (VAT), purchase tax, sales tax or any other duty or tax or cess or imposts under any Central or State law including sales tax deferrals, special economic zone benefits, excise duty benefits, tax deducted at source, right to carry forward and set-off unabsorbed losses, and depreciation, if any and exemptions, deductions, benefits and incentives under the Income-tax Act in respect of business, activities and operations pertaining to the Offshore Insurance Operations of MCL; all rights, benefits and other interest, whether held in trust or otherwise, contracts, agreements, powers, engagements, arrangements of all kind, privileges and all other rights including title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, possession, power or custody of or in the control of or vested in or granted in favour of or enjoyed by MCL, whether in India or abroad, all pertaining to or relatable to the Offshore Insurance Operations of MCL;
- (f) All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to or relatable to the Offshore Insurance Operations of MCL;
- (g) All such employees including contract employees as are primarily engaged in or in relation to the business activities and operations pertaining to the Offshore Insurance Operations at the respective offices, branches, etc, and any other employees/personnel hired on and after the date hereof who are primarily engaged in or in relation to the business, activities and operations pertaining to the Offshore Insurance Operations;
- (h) All liabilities and all debts, guarantees, assurances, commitments, obligations, loans, and undertakings of any kind, nature and description whatsoever and howsoever arising, present or future and including, without limitation, borrowings, working capital facilities, advances from customers, unearned revenues, bills payable, interest, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or un-known, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to or relatable to the Offshore Insurance Operations of MCL.

Any question that may arise as to whether a specific asset or liability or any other property or employee pertains or does not pertain to the Offshore Insurance Operations of MCL or whether it arises out of the activities or operations of the Offshore Insurance Operations of MCL shall be decided by mutual agreement between the Board of Directors of MCL and MSS IPL.

1.17 "**Record Date**" shall mean the date to be fixed by the Board of Directors of the Resulting Company or a committee thereof in consultation with the Board of Directors of the Demerged Company or a committee thereof for the purpose of determining the members of the Demerged Company to whom shares of the Resulting Company will be allotted pursuant to Part II of this Scheme in terms of clause 11.1.1.

1.18 "**Remaining Undertaking of the Demerged Company**" means all the assets and liabilities of the Demerged Company not forming part of the Demerged Undertaking.

1.19 "**Remaining Undertaking of MCL**" means all the assets and liabilities of MCL other than those pertaining to the Offshore Insurance Operations.

1.20 "**Scheme of Arrangement**" or "**Scheme**" means this Scheme of Arrangement as submitted in the present form to the High Court or with any modification(s) approved or imposed or directed by the High Court or made pursuant to Clause 30 of this Scheme.

1.21 "**Second Appointed Date**" means 1<sup>st</sup> November, 2014 or such other date as may be determined by the Board of Directors of MSS IPL or a committee thereof in consultation with the Board of Directors of MCL or a committee thereof, subject to approval by the High Court.

## PART II

## TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING TO AND IN THE RESULTING COMPANY

## 4. TRANSFER OF DEMERGED UNDERTAKING

## 4.1 Generally:

- 4.1.1 On the coming into effect of this Scheme and with effect from the First Appointed Date, the Demerged Undertaking, as defined in Clause 1.5, shall pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and without any further act, instrument, deed, matter or thing, be and stand transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on a going concern basis, so as to vest in the Resulting Company all rights, title and interest pertaining to the Demerged Undertaking.
- 4.1.2 The demerger of the Demerged Undertaking under this Scheme shall be in compliance with the conditions of "demerger" as specified under Section 2(19AA) of the Income-tax Act. If any of the terms of this Scheme are inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, the provisions of Section 2(19AA) of the Income-tax Act shall to the extent of such inconsistency, prevail and the Scheme shall, stand and be deemed to be modified to that extent to comply with the said provisions and such modifications shall not affect the other parts of the Scheme.

## 4.2 Transfer of Assets:

- 4.2.1 Without prejudice to the generality of Clause 4.1.1 above:
- a) All the assets and properties (whether movable or immovable) forming part of the Demerged Undertaking of whatsoever nature and wheresoever situate and which are incapable of passing by manual delivery, shall, pursuant to the provisions of Sections 391 to 394 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 the Resulting Company or be deemed to be transferred to and vested in the Resulting Company so as to become the assets and properties of the Resulting Company, subject however to the provisions of Clause 4.4 hereinbelow.
  - b) Without prejudice to the provisions of sub-clause (a) of this Clause 4.2.1, in respect of such assets and properties forming part of the Demerged Undertaking, as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Demerged Company to the Resulting Company and shall, upon such transfer, become the assets and properties of the Resulting Company as an integral part of the Demerged Undertaking and no stamp duty shall be payable in respect of transfer of such movable properties.
  - c) In respect of movable properties of the Demerged Company forming part of the Demerged Undertaking other than those dealt with in sub-clause (b) of this Clause 4.2.1 or any incorporeal property and in respect of current assets, sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments including investment in overseas subsidiaries, earnest money and deposits with any Government, quasi-Government, local or other authority or body or with any company or other person, the same shall stand transferred to and vested in the Resulting Company without any notice or other intimation to the debtor or any other person.
  - d) All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, relaxations, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Demerged Company in relation to or pertaining to the Demerged Undertaking, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or semi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal) administrative or judicial authority, exclusively used or held for use

## Mastek Limited

by the Demerged Company in respect of business, activities and operations pertaining to the Demerged Undertaking and all rights and benefits that have accrued or which may accrue to the Demerged Company after the First Appointed Date, in relation to the Demerged Undertaking shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Resulting Company and the same shall remain valid, effective and enforceable on the same terms and conditions. The concerned statutory or other authorities and licensors shall endorse and/or mutate or record the separation, make entry in their records and/ or upon the relevant documents itself so as to give effect to the Scheme in order to facilitate the continuation of operations of the Demerged Undertaking in the Resulting Company without any hindrance from the effective date.

4.2.2 All assets and properties comprised in the Demerged Undertaking of the Demerged Company, as on the start of business on the First Appointed Date with respect to the demerger, whether or not included in the books of the Demerged Company, and all assets and properties, which are acquired by the Demerged Company on or after the First Appointed Date till the Effective Date in relation to and forming part of the Demerged Undertaking, shall be deemed to be and shall become the assets and properties of the Resulting Company by virtue of and in the manner provided in this Scheme and shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be and stand transferred to and vested in the Resulting Company or be deemed to be transferred to and vested in the Resulting Company.

4.2.3 The Resulting Company shall be entitled to the benefit of all pre-qualification, track-record, experience, goodwill and all other rights, claims and powers of whatsoever nature and wheresoever situate belonging to or in the possession of or granted in favour of or enjoyed by the Demerged Company in connection with or pertaining or relatable to the Demerged Undertaking for all intents and purposes and specifically including but not limited to the track-record and experience of having undertaken, performed and/or executed the business and/or orders by the Demerged Undertaking from the commencement of its business.

### 4.3 Transfer of Liabilities:

4.3.1 Without prejudice to the generality of Clause 4.1.1 above, all debts, loans (including convertible loans, if any), liabilities and obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), of every kind, nature and description of the Demerged Company relating to and forming part of the Demerged Undertaking as referred to in Clause 1.5.2(b), shall, pursuant to the sanction of this Scheme by the High Court and pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, be transferred to and be assumed by or be deemed to be transferred to and assumed by the Resulting Company, without any further act, instrument, deed, matter or thing and the same shall be assumed by the Resulting Company to the extent they are outstanding on the Effective Date so as to become the liabilities of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company and the Resulting Company shall meet, discharge and satisfy the same and further 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 liabilities have arisen in order to give effect to the provisions of this Clause.

4.3.2 All debts, loans, liabilities and obligations raised, utilized, incurred or undertaken by the Demerged Company or which may arise or accrue to the Demerged Company in relation to or forming part of the Demerged Undertaking on and after the First Appointed Date and till the Effective Date shall be deemed to have been raised, utilised, incurred or undertaken for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall pursuant to the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed be and stand transferred to and assumed by or be deemed to have been transferred to and assumed by the Resulting Company and shall become the debts, loans, liabilities and obligations of the Resulting Company which shall meet, discharge and satisfy the same and further 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, loans, liabilities and obligations have arisen in order to give effect to the provisions of this Clause.

4.3.3 Where any of the liabilities of the Demerged Company in relation to or forming part of the Demerged Undertaking have been discharged / satisfied by the Demerged Company on or after the First Appointed Date and till the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.

#### 4.4 Encumbrances on Assets forming part of Demerged Undertaking:

4.4.1 The transfer and vesting of the assets and liabilities forming part of the Demerged Undertaking under this Scheme shall be subject to the mortgages and charges, if any, affecting the same as hereinafter provided:

- (a) The securities, charges, encumbrances or liens (hereinafter referred to as the "Encumbrances") existing, on the Effective Date, over the assets forming part of the Demerged Undertaking of the Demerged Company or any part thereof and transferred to the Resulting Company in terms of this Scheme shall, without any further act or deed, continue to relate or attach to such assets or any part thereof transferred to the Resulting Company, but such Encumbrances, if any, shall not relate or attach to the other assets and properties of the Resulting Company or any part thereof.
- (b) Without prejudice to sub-clause (a) of this Clause 4.4.1, it is clarified that any reference in any security documents or arrangements in relation to the Encumbrances, to the Demerged Company and its assets and properties, shall be construed as a reference to the Resulting Company and the assets and properties of the Resulting Company, provided always that such Encumbrances, if any, shall extend only to and over those assets and properties forming part of the Demerged Undertaking which are transferred to and vested in the Resulting Company and not any other assets and properties of the Resulting Company.
- (c) In so far as any Encumbrances, existing or created at any time prior to the Effective Date, over the assets forming part of the Demerged Undertaking, are security for the debts, liabilities and obligations of the Demerged Company in relation to the Remaining Undertaking of the Demerged Company, the same shall, on the Effective Date, without any further act, instrument or deed, be modified to the extent that all such assets shall stand released and discharged from the obligations attached thereto, and securities created thereon, to secure the debts, liabilities and obligations of the Demerged Company in relation to the Remaining Undertaking of the Demerged Company and such Encumbrances shall cease to operate against the assets forming part of the Demerged Undertaking transferred to the Resulting Company in terms of this Scheme. The absence of any formal amendment which may be required by any lender or third party shall not affect the operation of this Clause.
- (d) In so far as any securities, charges, encumbrances or liens, existing or if created at any time prior to the Effective Date, over the assets forming part of the Remaining Undertaking of the Demerged Company are security for the debts, liabilities and obligations of the Demerged Company in relation to the Demerged Undertaking transferred to the Resulting Company, the same shall, on the Effective Date, without any further act, instrument or deed, be modified to the extent that all such assets shall stand released and discharged from the obligations attached thereto, and securities created thereon, to secure the debts, liabilities and obligations of the Demerged Company in relation to the Demerged Undertaking transferred to the Resulting Company and such encumbrances shall cease to operate against the assets forming part of the Remaining Undertaking of the Demerged Company in terms of this Scheme. The absence of any formal amendment which may be required by any lender or third party shall not affect the operation of this Clause.

4.4.2 Without prejudice to the foregoing provisions, the Demerged Company and the Resulting Company shall execute instruments or documents for recording the change of entity and do all acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the concerned Registrar of Companies to give formal effect to the substitution of the name of the Demerged Company with the name of the Resulting Company, if required.

4.4.3 The provisions of this Clause 4.4 shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall be deemed to stand modified and/or superseded by the foregoing provisions.

## **Mastek Limited**

### **5. EMPLOYEES, STAFF & WORKMEN**

- 5.1 All employees, staff and workmen of the Demerged Company engaged in or in relation to the Demerged Undertaking who are in employment on the date immediately preceding the Effective Date, shall, on and from the Effective Date, become employees of the Resulting Company, 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 the Resulting Company shall be no less favourable than those on which they were engaged in the Demerged Company.
- 5.2 The Resulting Company agrees that the services of the all the employees of the Demerged Undertaking prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which such employees may be eligible and accordingly, the period of service of such employees shall be reckoned therefore from the date of their respective appointment in the Demerged Company.
- 5.3 In the event of retrenchment of the employees of the Demerged Undertaking, the Resulting Company will be liable to pay compensation in accordance with law on the basis that the services of the employees shall have been continuous and shall not have been interrupted by reason of such demerger.
- 5.4 The contributions, and all accretions thereto, in the Government provident fund account, superannuation fund, gratuity fund and other benefit funds if any, of which the employees of the Demerged Undertaking are members or beneficiaries till the Effective Date, shall, with the approval of the concerned authorities, be transferred (in such proportion as is referable to the employees of the Demerged Undertaking being transferred to the Resulting Company) to the relevant funds of the Resulting Company for the benefit of the employees of the Demerged Undertaking on terms no less favourable. In the event that the Resulting Company has its own funds in respect of any of the funds referred to above, such investments shall, subject to the necessary approvals and permissions, be transferred to the relevant funds of the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the employees engaged in the Demerged Undertaking to the relevant funds of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the investments and contributions pertaining to the employees of the Demerged Undertaking shall be transferred to the funds created by the Resulting Company. In case, necessary approvals are not received by the Effective Date and there is delay, all such amounts shall continue to be administered by the Demerged Company in trust for the Resulting Company from the Effective Date till the date of actual transfer and, on receiving the approvals all the accumulated amounts till such date, shall be transferred to the respective funds of the Resulting Company suo moto.
- 5.5 Any disciplinary action initiated by the Demerged Company against any employee of the Demerged Undertaking shall have full force, effect and continuity as if it was initiated by the Resulting Company instead of the Demerged Company.
- 5.6 The Board of Directors of the Demerged Company and the Resulting Company may consider and approve policies for inter-company transfers within the Mastek Group of employees in the respective Companies on such terms and conditions considered fit and appropriate subject to applicable laws.
- 5.7 With effect from the first of the dates of filing of this Scheme with the High Court and up to and including the Effective Date, the Demerged Company shall not vary or modify the terms and conditions of employment of any of its said employees, except with the written consent of the Resulting Company, unless it is in the ordinary course of business. However, the terms and conditions of their employment with the Resulting Company shall be no less favourable than those on which they were engaged in the Demerged Company.

### **7. LEGAL PROCEEDINGS**

- 7.1 On and from the First Appointed Date, all suits, claims, actions and legal proceedings instituted and/or arising and/or pending by or against the Demerged Company in relation to the Demerged Undertaking shall be continued and/or enforced until the Effective Date as desired by the Resulting Company and on and from the Effective Date, shall be continued and/or enforced by or against the Resulting Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or had arisen and/or were pending by or against the Resulting Company.



- 7.2 On and from the First Appointed Date, if any proceedings are taken by or against the Demerged Company in relation to the Demerged Undertaking, the Demerged Company shall till the Effective Date continue and/or defend the same at the cost of the Resulting Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- 7.3 The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in Clause 7.1 above transferred to its name on and after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company as the case may be, to the exclusion of the Demerged Company.
- 7.4 Notwithstanding the above, in case the proceedings referred to in Clause 7.1 above cannot be transferred for any reason, or the transfer takes time, till such transfer the Demerged Company shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the Resulting Company shall reimburse, indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

## 8. TAXES

- 8.1 All taxes (including income-tax, sales tax, excise duty, customs duty, service tax, VAT etc.) paid or payable by the Demerged Company in respect of the operations and / or the profits of the Demerged Undertaking up to the First Appointed Date, shall be on account of the Demerged Company and insofar as it relates to the tax payment (including without limitation income tax, sales tax, excise duty, custom duty, service tax, VAT etc.), whether by way of deduction at source or otherwise howsoever by the Demerged Company in respect of the profits or activities or operations of its business relating to the Demerged Undertaking after the start of business on the First Appointed Date, the same shall be deemed to be the corresponding item paid or payable by the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 8.2 On the Scheme becoming effective, the Demerged Company and the Resulting Company may revise their respective returns pertaining to income tax, service tax, sales tax, VAT and other tax returns, and claim refunds and/or credits including credits relating to tax deducted at source, as applicable pursuant to the provisions of this Scheme.

## 11. ISSUE OF SHARES BY RESULTING COMPANY

### 11.1 Issue of Shares:

- 11.1.1 In consideration of the transfer and vesting of the Demerged Undertaking to and in the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act, instrument or deed and without any payment, after the Effective Date, issue and allot to the members of the Demerged Company whose names appear on the Register of Members of the Demerged Company on the Record Date or to his/her/their respective heirs, executors, administrators or, as the case may be, successors, Equity Shares of the Resulting Company in the ratio of 1 Equity Share of the face value of Rs. 5/- (Rupees Five only) each fully paid-up of the Resulting Company for every 1 Equity Share of the face value of Rs.5/- (Rupees Five only) each fully paid-up of the Demerged Company held on the Record Date by the members of the Demerged Company or his / her / their respective heirs, executors, administrators or, as the case may be, successors. The new Equity Shares to be issued by the Resulting Company under this Clause are in this Scheme referred to as the "**New Equity Shares**".
- 11.1.2 In this Scheme, the term "**Share Entitlement Ratio**" shall mean the ratio in which the New Equity Shares will be issued and allotted by the Resulting Company to equity shareholders of the Demerged Company under Clause 11.1.1.
- 11.1.3 The New Equity Shares shall be deemed to be issued and allotted at par to each member of the Demerged Company or his / her / their respective heirs, executors, administrators or, as the case may be, successors.
- 11.1.4 As an integral part of the Scheme, the issued, subscribed and paid-up share capital of the Resulting Company shall stand suitably increased consequent on the issue of the New Equity Shares. It is clarified that no special resolution under Section 62(1)(c) of the Companies Act, 2013 shall be required to be passed by the Resulting Company in a general meeting for issue of the New Equity Shares under this Scheme and on the members of the Resulting Company approving this Scheme, it shall be deemed that they have given their consent to the issue of New Equity Shares of the Resulting Company as provided in this Scheme.

# Mastek Limited

## 11.2 Issue in Dematerialized Form:

- 11.2.1 All New Equity Shares to be issued and allotted under Clause 11.1.1 by the Resulting Company shall be issued in dematerialized form unless otherwise notified in writing by the shareholders of the Demerged Company to the Resulting Company on or before such date as determined by the Board of Directors of the Resulting Company or a committee thereof. In the event that such notice has not been received by the Resulting Company, the New Equity Shares shall be issued in dematerialized form as per details pertaining to their respective demat accounts furnished by the shareholders to the Demerged Company and as made available to the Resulting Company.
- 11.2.2 If the requisite details of the account of any shareholder with a depository participant are not recorded with the Demerged Company, such shareholder concerned will be required to provide the said details to enable the Resulting Company to allot the New Equity Shares in dematerialized form to the concerned shareholder.
- 11.2.3 In the event that the Resulting Company has not received the requisite demat account details, or has received notice from any of the shareholders that the New Equity Shares are to be issued in physical form, then the Resulting Company shall issue the New Equity Shares in physical form to such shareholders. Such physical shares if any shall be sent by the Resulting Company to the equity shareholders of the Demerged Company at their respective registered addresses, as appearing in the Register of Members maintained by the Demerged Company as of the Record Date with respect to their shareholders. In the case of joint shareholders, the physical share certificates shall be sent by the Resulting Company to the address of that joint shareholder whose name stands first in such register of members maintained by the Demerged Company as of the Record Date. In any case the Resulting Company shall not be responsible for any loss in transit.

## 11.3 New Equity Shares to rank pari passu:

- 11.3.1 The New Equity Shares issued and allotted in terms of this Scheme shall rank pari passu in all respects with the existing equity shares of the Resulting Company including in respect of dividends, if any, that may be declared by the Resulting Company on or after the Effective Date.
- 11.3.2 It is clarified that the aforesaid Clause 11.3.1 in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any member of the Resulting Company and the Demerged Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the Resulting Company and the Demerged Company and subject to the approval of the shareholders of the Resulting Company and the Demerged Company.

## 11.4 New Equity Shares to be kept in abeyance:

In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of Equity Shares in the Demerged Company, after the effectiveness of this Scheme.

## 11.5 New Equity Shares subject to Memorandum and Articles of Association of the Resulting Company:

The New Equity Shares issued and allotted by the Resulting Company in terms of this Scheme shall be subject to the provisions of the Act and the terms applicable thereto under the Memorandum and Articles of Association of the Resulting Company.

## 11.6 Listing:

- 11.6.1 The New Equity Shares issued by the Resulting Company will be listed and/or admitted to trading on the Stock Exchanges where the shares of the Demerged Company are listed and/or admitted to trading and all necessary applications will be made in this aspect by the Resulting Company.
- 11.6.2 The New Equity Shares allotted by the Resulting Company pursuant to the Scheme, shall remain frozen in

dematerialized form for listing and trading on respective Stock Exchanges pending permissions for the same from the respective Stock Exchanges.

- 11.6.3 There shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date and the listing which may affect the status of approvals received from the Stock Exchange respectively.

#### **11.7 Resulting Company to obtain necessary approvals:**

The Resulting Company shall, if and to the extent required, apply for and obtain the required statutory approvals of the concerned Governmental Authority for the issue and allotment of the New Equity Shares.

#### **11.8 Increase in the Authorised Share Capital of the Resulting Company:**

- 11.8.1 With effect from the First Appointed Date and upon the Scheme becoming effective, the authorised share capital of the Resulting Company shall be increased from the present authorised share capital of Rs. 5,00,000 divided into 50,000 equity shares of Rs. 10/- each to Rs. 15,00,00,000 divided into 3,00,00,000 equity shares of Rs. 5/- each.

- 11.8.2 The capital clause V of the Memorandum of Association of the Resulting Company shall, with effect from the First Appointed Date and upon the Scheme becoming effective and without any further act, deed, matter or thing be replaced by the following clause:

*"The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided into 3,00,00,000 (Three Crore only) equity shares of Rs. 5/- (Rupees Five only) each. The minimum paid up capital of the Company is Rs. 5,00,000/-."*

- 11.8.3 Article 4 of the Articles of Association of the Resulting Company shall, with effect from the First Appointed Date and upon the Scheme becoming effective and without any further act, deed, matter or thing be replaced by the following clause:

*"The Authorised Share Capital of the Company is Rs. 15,00,00,000 (Rupees Fifteen Crores only) divided into 3,00,00,000 (Three Crore only) equity shares of Rs. 5/- (Rupees Five only) each and with power to the Company to increase, reduce or modify the capital and to divide all or any of the share capital in the Company, for the time being and to classify and re-classify such shares from shares of one class to other class or classes and attach thereto and respectively such preferential, deferred, qualified or other special rights, privileges, conditions, or restrictions as may be determined by the Company in accordance with the Articles of Association of the Company to vary, modify or abrogate any such rights, privileges, conditions or restrictions, in such manner, by such persons, as may, for the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions for the time being in force in that behalf."*

- 11.8.4 The Resulting Company shall pay the requisite fees and make necessary filings for registration of the increase in the authorised share capital of the Resulting Company.

- 11.8.5 The approval of the Scheme by the shareholders of the Resulting Company, shall be deemed to be the due compliance of all other relevant and applicable provisions of the Act to give effect to the increase in authorised capital as contemplated in Clause 11.8.1 and consequent amendments to the Memorandum of Association and Articles of Association of the Resulting Company as mentioned above.

#### **12. CANCELLATION OF SHARES HELD BY DEMERGED COMPANY IN THE RESULTING COMPANY**

- 12.1 Upon the scheme being effective, the investment held by the Demerged Company in the equity share capital of the Resulting Company shall, without any application or deed, stand cancelled without any payment/ consideration and accordingly, the share capital of the Resulting Company shall stand reduced to the extent of face value of shares held by the Demerged Company as on the Effective Date.

## **Mastek Limited**

12.2 Such reduction of share capital of the Resulting Company as provided in Clause 12.1 above, shall be effected as a part of the Scheme on the Effective Date, upon which the share capital of the Resulting Company shall be deemed to be reduced and the orders of the High Court sanctioning the Scheme shall be deemed to be an order under Sections 100 to 103 of the Act confirming such reduction of share capital of the Resulting Company.

12.3 The reduction would not involve a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable.

12.4 Notwithstanding the reduction of issued subscribed & paid-up equity share capital of the Resulting Company, it shall not be required to add the words "And Reduced" as suffix to its name.

### **13. REMAINING UNDERTAKING OF THE DEMERGED COMPANY**

13.1 The Remaining Undertaking of the Demerged Company including all the properties and assets, investments in all subsidiaries including overseas subsidiaries, debts, liabilities and obligations of the Demerged Company, which do not form part of the Demerged Undertaking shall continue to belong to and remain vested in the Demerged Company subject however to the provisions of the Scheme with respect to the release of (a) the properties and assets comprised in the Demerged Undertaking from the encumbrances created thereon to secure the debts, loans, liabilities and obligations of the Demerged Company in relation to the Remaining Undertaking of the Demerged Company, which are not transferred to the Resulting Company pursuant to this Scheme; and (b) the properties and assets comprised in the Remaining Undertaking of the Demerged Company from the encumbrances created thereon to secure the debts, loans, liabilities and obligations of the Demerged Company in relation to the Demerged Undertaking which are transferred to the Resulting Company pursuant to this Scheme.

13.2 If proceedings are taken against the Resulting Company in respect of the Remaining Undertaking of the Demerged Company, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.

13.3 All taxes including income tax, central sales tax, excise duty, custom duty, service tax, VAT, and the like paid or payable by the Demerged Company in respect of the operations and/ or the profits of the Demerged Undertaking before the First Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, custom duty, service tax, VAT, etc.), whether by way of deduction at source, or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Demerged Undertaking after the First Appointed Date, the same shall be on account of the Resulting Company and be deemed to be corresponding item paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.

13.4 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company are expressly permitted to revise their income tax returns, services tax returns, sales tax returns and other tax returns, and to claim refunds and/ or credits, etc. pursuant to the provisions of the Scheme.

13.5 The Demerged Company shall carry on its business and activities pertaining to the Remaining Undertaking of the Demerged Company in the ordinary course and nothing herein contained shall affect the business and activities of the Demerged Company in relation to the Remaining Undertaking of the Demerged Company.

13.6 All assets and properties acquired by the Demerged Company at any time including on and after the start of business on the First Appointed Date shall, to the extent that the same do not relate to the Demerged Undertaking, form part of the Remaining Undertaking of the Demerged Company.

13.7 All liabilities, debts and obligations incurred by or arising against the Demerged Company at any time including on and after the start of business on the First Appointed Date shall, to the extent that the same do not relate to the Demerged Undertaking, form part of the Remaining Undertaking of the Demerged Company.

### **14. ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY**

14.1 With effect from the Appointed Date, the Resulting Company shall record the assets and liabilities comprised in the

Demerged Undertaking transferred to and vested in it pursuant to this Scheme at the respective book values as appearing in the books of the Demerged Company as on the First Appointed Date.

14.2 The Resulting Company shall record by way of a credit to the Share Capital Account in its books of account, the aggregate face value of the New Equity Shares issued and allotted under the Scheme by it to the shareholders of the Demerged Company pursuant to Clause 11.1.1 of this Scheme.

14.3 Inter-company investments, deposits/ loans and advances/ balances, if any, pertaining to the Demerged Undertaking, will be cancelled.

14.4 The difference being excess of net assets (assets minus liabilities) recorded by the Resulting Company over the amount credited as share capital, after adjusting for Para 14.3 above will be credited to General Reserve Account. In case of there being a deficit, the same shall be debited to Goodwill Account.

14.5 If considered appropriate for the purpose of application of uniform accounting methods and policies between the Demerged Company and the Resulting Company, the same would be recorded as per the practices followed by the Resulting Company and resultant Goodwill/ General Reserve will be adjusted accordingly;

14.6 The Resulting Company shall determine and recognize the deferred tax assets and the deferred tax liabilities as on the First Appointed Date based on the assets and liabilities of the Demerged Undertaking and adjust the same against Goodwill/ General Reserve as the case maybe.

#### **15. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY**

15.1 On the Scheme becoming effective, the Demerged Company shall, with effect from the First Appointed Date, reduce the book value of all the assets and liabilities comprised in the Demerged Undertaking transferred to the Resulting Company.

15.2 The book values, as on the First Appointed Date, of net assets (assets minus liabilities) comprised in the Demerged Undertaking transferred to the Resulting Company shall be adjusted against the following, in the order specified:

- i. Capital Reserve Account;
- ii. General Reserve; and the balance, if any against
- iii. Profit and Loss Account

#### **16. EMPLOYEE STOCK OPTION PLAN**

16.1 Upon the coming into effect of the Scheme, the Resulting Company shall formulate new employee stock option scheme/(s) by adopting the Existing Stock Option Schemes of the Demerged Company, as modified in accordance with the variations mentioned in this Clause 16.

16.2 With respect to the stock options granted by the Demerged Company to the employees of the Demerged Company or its subsidiaries (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company or its subsidiaries pursuant to this Scheme) under the Existing Stock Option Schemes; and upon the Scheme becoming effective, the said employees shall be issued one stock option by the Resulting Company under the new scheme(s) for every stock option held in the Demerged Company, whether the same are vested or not on terms and conditions similar to the relevant Existing Stock Option Schemes.

16.3 The stock options granted by the Demerged Company under the relevant Existing Stock Option Schemes would continue to be held by the employees concerned (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company or its subsidiaries). Upon coming into effect of the Scheme, the Demerged Company shall take necessary steps to modify the Existing Stock Option Schemes in a manner considered appropriate and in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in order to enable the continuance of the same in the hands of the employees who become employees of the Resulting Company or its subsidiaries, subject to the approval of the Stock Exchange and the relevant regulatory authorities, if any under applicable law.

## **Mastek Limited**

- 16.4 The existing exercise price of the stock options of the Demerged Company shall be modified consequent to which the exercise price of the stock options of the Demerged Company shall stand adjusted to 37% of the exercise price; and the balance of the exercise price shall become the exercise price of the stock options issued by the Resulting Company.
- 16.5 While granting stock options, the Resulting Company shall take into account the period during which the employees held stock options granted by the Demerged Company prior to the issuance of the stock options by the Resulting Company, for determining of minimum vesting period required for stock options granted by the Resulting Company, subject to applicable laws.
- 16.6 The Demerged Company as well as the Resulting Company shall reimburse each other for cost debited to the Profit & Loss account or any suspense / subsidy account, subsequent to the First Appointed Date, in relation to stock options issued to employees of the other company or its subsidiaries.
- 16.7 Approval granted to the Scheme by the shareholders of the Demerged Company and the Resulting Company shall also be deemed to be approval granted to any modifications made to the Existing Stock Option Schemes of the Demerged Company and approval granted to the new employee stock option scheme to be adopted by the Resulting Company, respectively. The variations in the Existing Stock Option Schemes of the Demerged Company mentioned in this Clause 16, have been approved by the Compensation Committee of the Demerged Company in accordance with the Existing Stock Option Schemes.
- 16.8 The variations to the Existing Stock Option Schemes made pursuant to this Clause 16 are not detrimental or prejudicial to the interests of the concerned employees.
- 16.9 The salient features of the Existing Stock Option Scheme of the Demerged Company, as modified in accordance with the variations mentioned in this Clause 16, are set out in Schedule I hereto. The salient features of the employee stock option scheme to be adopted by the Resulting Company are set out in Schedule II hereto.

### **PART III**

#### **TRANSFER OF OFFSHORE INSURANCE OPERATIONS BY WAY OF SLUMP SALE TO THE TRANSFEREE COMPANY**

##### **17. TRANSFER OF OFFSHORE INSURANCE OPERATIONS**

- 17.1 For the purposes of this Part III "after giving effect to Part II of the Scheme" will be determined mutually by the Board of Directors.
- 17.2 With effect from the Second Appointed Date and after giving effect to Part II of the Scheme, the Offshore Insurance Operations, as defined in Clause 1.16 shall stand transferred to and vested into MSS IPL, which shall be deemed to have acquired the Offshore Insurance Operations from MCL, as a going concern on a 'Slump Sale' basis, without any further deed or act, together with all its assets, properties, liabilities, rights, benefits and interests therein, subject to existing charges if any, thereon. The transfer of the Offshore Insurance Operations under this Scheme shall be in compliance with the Income-tax Act, specifically Section 2(42C), and other relevant sections as may be applicable.
- 17.3 After the Effective Date, the Offshore Insurance Operations of MCL would be transferred to MSS IPL and the same would have been deemed to have been sold on the Second Appointed Date, after giving effect to Part II of the Scheme.
- 17.4 Without limiting the generality of the foregoing, upon the Scheme becoming effective, and with effect from the Second Appointed Date after giving effect to Part II of the Scheme;
- a) The undertaking and properties, as aforesaid, of the Offshore Insurance Operations, shall, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to and vested in and/or deemed to be transferred to and vested in MSS IPL so as to vest in MSS IPL all the rights, title and interest of the MCL therein, save and except the movable assets of the Offshore Insurance Operations, which will be transferred in the manner provided in sub-clause (b) below.

- b) All the movable assets, including cash in hand, if any, of MCL pertaining or relatable to the Offshore Insurance Operations, capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed and delivered, as the case may be, to MSS IPL to the end and intent that the property therein passes to MSS IPL, on such delivery or endorsement and delivery. Such delivery and transfer shall be made on a date mutually agreed upon between the Board of Directors of MCL and the Board of Directors of MSS IPL.
- c) In respect of movables other than those specified in sub-clause (b) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, MCL shall give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the High Court having sanctioned the Scheme under Sections 391 to 394 and all other applicable provisions, if any, of the Act, the said debt, loan, advance or deposit be paid to or made good to or held on account of MSS IPL and that the right of MCL to recover or realise the same stands extinguished.
- d) With effect from the Second Appointed Date, after giving effect to Part II of the Scheme, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of MCL relatable to the Offshore Insurance Operations including secured and unsecured loans and the current liabilities shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to and/or deemed to be transferred to MSS IPL so as to become as from the Second Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of MSS IPL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

17.5 The transfer and vesting as aforesaid shall be subject to subsisting charges, if any, in respect of any assets forming part of the Offshore Insurance Operations.

17.6 With effect from the Second Appointed Date and upon the Scheme becoming effective, and after giving effect to Part II of the Scheme any statutory licences, permissions or approvals or consents held by MCL required to carry on operations in the Offshore Insurance Operations shall stand vested in or transferred to MSS IPL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of MSS IPL. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licences, and consents shall vest in and become available to MSS IPL pursuant to the Scheme. In so far as the various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by MCL relating to the Offshore Insurance Operations, are concerned, the same shall vest with and be available to MSS IPL on the same terms and conditions.

17.7 The concerned statutory or other authorities and licensors shall endorse and/or mutate or record the separation, make entry in their records and/or upon the relevant document itself so as to give effect to this Scheme in order to facilitate the continuation of operations of the Offshore Insurance Operations in MCL, without any hindrance, from the Effective Date.

17.8 MSS IPL shall be entitled to the benefit of all pre-qualification, track-record, experience, goodwill and all other rights, claims and powers of whatsoever nature and wheresoever situate belonging to or in the possession of or granted in favour of or enjoyed by MCL in connection with or pertaining or relatable to the Offshore Insurance Operations for all intents and purposes and specifically including but not limited to the track-record and experience of having undertaken, performed and/or executed the business and/or orders by the Offshore Insurance Operations from the commencement of its business.

## **20. LEGAL PROCEEDINGS**

20.1 On and from the Second Appointed Date, all suits, claims, actions and legal proceedings instituted and/or arising and/or pending by or against MCL in relation to the Offshore Insurance Operations shall be continued and/or enforced until the Effective Date as desired by MSS IPL and on and from the Effective Date, after giving effect to part II of the Scheme, shall be continued and/or enforced by or against MSS IPL as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or had arisen and/or were pending by or against MSS IPL.

20.2 On and from the Second Appointed Date, if any proceedings are taken by or against MCL in relation to the Offshore

## **Mastek Limited**

Insurance Operations, MCL shall till the Effective Date continue and/or defend the same at the cost of MSS IPL, and MSS IPL shall reimburse and indemnify MCL against all liabilities and obligations incurred by MCL in respect thereof.

20.3 The Transferee Company undertakes to have all legal or other proceedings initiated by or against MCL referred to in Clause 20.1 above transferred to its name on and after the Effective Date, after giving effect to Part II of the Scheme and to have the same continued, prosecuted and enforced by or against MSS IPL as the case may be, to the exclusion of MCL.

20.4 Notwithstanding the above, in case the proceedings referred to in Clause 20.1 above cannot be transferred for any reason, or the transfer takes time, till such transfer MCL shall defend the same in accordance with the advice of MSS IPL and at the cost of MSS IPL, and MSS IPL shall reimburse, indemnify and hold harmless MCL against all liabilities and obligations incurred by MCL in respect thereof.

### **21. TAXES**

21.1 All taxes (including income-tax, sales tax, excise duty, customs duty, service tax, VAT etc.) paid or payable by MCL in respect of the operations and / or the profits of the Offshore Insurance Operations upto the Second Appointed Date, shall be on account of MCL and insofar as it relates to the tax payment (including without limitation income tax, sales tax, excise duty, custom duty, service tax, VAT etc.), whether by way of deduction at source or otherwise howsoever by MCL in respect of the profits or activities or operations of its business relating to the Offshore Insurance Operations after the start of business on the Second Appointed Date, the same shall be deemed to be the corresponding item paid or payable by MSS IPL and shall, in all proceedings, be dealt with accordingly.

21.2 On the Scheme becoming effective and after giving effect to Part II of the Scheme, MCL and MSS IPL may revise their respective returns pertaining to income tax, service tax, sales tax, VAT and other tax returns, and claim refunds and/or credits, including credits for tax deducted at source, as applicable pursuant to the provisions of this Scheme.

### **24. CONSIDERATION**

24.1 The consideration for the transfer of the Offshore Insurance Operations would be equal to Rs. 22 Crore (Rupees Twenty Two Crore only).

24.2 The consideration would be discharged by MSS IPL by cheque within a period of 30 days of filing the High Court order with the Registrar of Companies.

### **25. REMAINING UNDERTAKING OF MCL**

25.1 The Remaining Undertaking of MCL including all the properties and assets, investments including investments in overseas subsidiaries, debts, liabilities and obligations of MCL, which do not form part of the Offshore Insurance Operations shall continue to belong to and remain vested in MCL subject however to the provisions of the Scheme with respect to the release of (a) the properties and assets comprised in the Offshore Insurance Operations from the encumbrances created thereon to secure the debts, loans, liabilities and obligations of MCL in relation to the Remaining Undertaking of MCL, which are not transferred to MSS IPL pursuant to this Scheme; and (b) the properties and assets comprised in the Remaining Undertaking of MCL from the encumbrances created thereon to secure the debts, loans, liabilities and obligations of MCL in relation to the Offshore Insurance Operations which are transferred to MSS IPL pursuant to this Scheme.

25.2 If proceedings are taken against MSS IPL in respect of the Remaining Undertaking of MCL, it shall defend the same in accordance with the advice of MCL and at the cost of MCL, and the latter shall reimburse and indemnify MSS IPL against all liabilities and obligations incurred by MSS IPL in respect thereof.

25.3 All taxes including income tax, central sales tax, excise duty, custom duty, service tax, VAT, and the like paid or payable by MCL in respect of the operations and/ or the profits of MCL before the Second Appointed Date, shall be on account of MCL and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, custom duty, service tax, VAT, etc.), whether by way of deduction at source, or otherwise howsoever, by MCL in respect of the profits or activities or operation of the Offshore Insurance Operations after the Second Appointed Date, the same shall be on account of MSS IPL and be deemed to be corresponding item paid by MSS IPL and shall, in all proceedings, be dealt with accordingly.

25.4 Upon the Scheme becoming effective, MCL and MSS IPL are expressly permitted to revise their income tax returns, services tax returns, sales tax returns and other tax returns, and to claim refunds and/ or credits, etc. pursuant to the provisions of the Scheme.



25.5 MCL shall carry on its business and activities pertaining to the Remaining Undertaking of MCL in the ordinary course and nothing herein contained shall affect the business and activities of MCL in relation to the Remaining Undertaking of MCL.

25.6 All assets and properties acquired by MCL at any time including on and after the start of business on the Second Appointed Date shall, to the extent that the same do not relate to the Offshore Insurance Operations, form part of the Remaining Undertaking of MCL.

25.7 All liabilities, debts and obligations incurred by or arising against MCL at any time including on and after the start of business on the Second Appointed Date shall, to the extent that the same do not relate to the Offshore Insurance Operations, form part of the Remaining Undertaking of MCL.

#### **26. ACCOUNTING TREATMENT IN THE BOOKS OF MSSIPL**

26.1 As on the Second Appointed Date, MSSIPL shall allocate the consideration paid by it amongst the assets and liabilities of the Offshore Insurance Operations transferred by MCL to MSSIPL.

26.2 The Board of Directors of MSSIPL shall have the powers to determine the allocation of the consideration paid by it amongst the assets and liabilities of the Offshore Insurance Operations transferred by MCL to MSSIPL.

26.3 Subsequent to the accounting carried out as per clause 26.1 above, MSSIPL shall record the difference, if any, between the consideration paid as per clause 24.1 above and the amount allocated to such net assets (assets minus liabilities) taken over, in Goodwill Account.

26.4 In case of difference in the accounting policies between MCL and MSSIPL, the impact of such difference shall be quantified and adjusted to the Profit and Loss Account of MSSIPL to ensure that the true financial statements of MSSIPL as on the Second Appointed Date are prepared on the basis of a consistent accounting policy.

#### **27. ACCOUNTING TREATMENT IN THE BOOKS OF MCL**

27.1 Upon the Scheme becoming effective, MCL shall reduce the book value of assets and liabilities pertaining to the Offshore Insurance Operations transferred to MSSIPL.

27.2 The surplus or deficit if any, arising out of the difference between the book value of the assets and liabilities of the Offshore Insurance Operations transferred to MSSIPL and the consideration received by MCL in lieu of such transfer shall be credited/debited in its Profit and Loss Account.

### **PART IV**

#### **GENERAL TERMS AND CONDITIONS**

#### **34. CHANGE OF NAME**

34.1 Upon the Scheme becoming effective, name of the Resulting Company shall be changed to "MAJESCO LIMITED" or such other name as may be decided by the Board of Directors or a committee thereof and approved by the concerned Registrar of Companies. Further, the name of "Minefields Computers Limited", wherever it occurs in its Memorandum and Articles will be substituted by such name.

34.2 The approval of the Scheme by the shareholders of the Resulting Company and the High Court shall be deemed to be the due compliance of the provisions of Section 4 and Section 13 of the Companies Act, 2013 and other relevant and applicable provisions of the Act.

**The features set out above being only the salient features of the Scheme pertaining to the proposed demerger of the Demerged Undertaking or Insurance Products and Services Business; the members/creditors are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof.**

## Mastek Limited

9. The pre demerger capital structure of the Demerged Company and the Resulting Company as on 22<sup>nd</sup> January, 2015 and their respective post demerger capital structure is as under:

### DEMERGED COMPANY

	Pre Demerger (As on 22 <sup>nd</sup> January, 2015)	Post Demerger
	Rs. in Crore	Rs. in Crore
<b>Authorized Share Capital</b>		
Equity Share Capital	20.00	20.00
Preference Share Capital	20.00	20.00
<b>Issued &amp; Subscribed Capital</b>		
Equity Share Capital	11.22	11.22
Preference Share Capital	-	-
<b>Paid Up Capital</b>		
Equity Share Capital	11.22	11.22
Preference Share Capital	-	-

The above capital structure of the Demerged Company is as on 22<sup>nd</sup> January, 2015. Due to further issue of shares under the Existing Stock Option Schemes, there may be some variation in the post demerger capital structure of the Demerged Company.

### MCL

	Pre Demerger (As on 22 <sup>nd</sup> January, 2015)	Post Demerger
	Rs. in Crore	Rs. in Crore
<b>Authorized Share Capital</b>		
Equity Share Capital	0.05	15.00
<b>Issued &amp; Subscribed Capital</b>		
Equity Share Capital	0.05	11.22
<b>Paid Up Capital</b>		
Equity Share Capital	0.05	11.22

The above post demerger capital structure of MCL is based on the Demerged Company's capital structure as on 22<sup>nd</sup> January, 2015. Due to further issue of shares by the Demerged Company under the Existing Stock Option Schemes, there may be some variation in the post demerger capital structure of MCL.

10. The equity shareholding pattern of the Demerged Company and the Resulting Company as on 22<sup>nd</sup> January, 2015 and the post scheme equity shareholding pattern is as under:

### DEMERGED COMPANY

Particulars	Pre Scheme (as on 22 <sup>nd</sup> January, 2015)		Post Scheme	
	No. of shares held	%	No. of shares held	%
Promoters (including persons acting in concert)	1,15,06,660	51.27	1,15,06,660	51.27
Mutual Funds	5,69,585	2.54	5,69,585	2.54
Financial Institutions / Banks	12,535	0.06	12,535	0.06

Central / State Government	NIL	NIL	NIL	NIL
Insurance Companies	11,96,175	5.33	11,96,175	5.33
Foreign Institutional Investors	32,96,647	14.69	32,96,647	14.69
Bodies Corporate	14,16,982	6.31	14,16,982	6.31
Individuals	41,40,363	18.45	41,40,363	18.45
Others	3,03,987	1.35	3,03,987	1.35
<b>Total</b>	<b>2,24,42,934</b>	<b>100.00</b>	<b>2,24,42,934</b>	<b>100.00</b>

**MCL**

Particulars	Pre Scheme (as on 22 <sup>nd</sup> January, 2015)		Post Scheme	
	No. of shares held	%	No. of shares held	%
Demerged Company	49,994	99.99	NIL	NIL
Individuals (jointly with Demerged Company)	6	0.01	NIL	NIL
Promoters (including persons acting in concert)	NIL	NIL	1,15,06,660	51.27
Mutual Funds	NIL	NIL	5,69,585	2.54
Financial Institutions / Banks	NIL	NIL	12,535	0.06
Central / State Government	NIL	NIL	NIL	NIL
Insurance Companies	NIL	NIL	11,96,175	5.33
Foreign Institutional Investors	NIL	NIL	32,96,647	14.69
Bodies Corporate	NIL	NIL	14,16,982	6.31
Individuals	NIL	NIL	41,40,363	18.45
Others	NIL	NIL	3,03,987	1.35
<b>Total</b>	<b>50,000</b>	<b>100.00</b>	<b>2,24,42,934</b>	<b>100.00</b>

11. The details of Directors of respective companies are as under:

**DEMERGED COMPANY**

No.	Name of Director	Designation	Age	Educational Qualifications
1	Mr. S. Sandilya	Non-Executive Chairman & Independent Director	66	Commerce graduate from Chennai University. MBA from the Indian Institute of Management, Ahmedabad.
2	Mr. Sudhakar Ram	Managing Director & Group CEO	54	Commerce Graduate from Chennai University. PGDM from the Indian Institute of Management, Kolkata.
3	Mr. Ashank Desai	Non-Executive Director	63	B.E. from Mumbai University. M. Tech Degree from the Indian Institute of Technology, Mumbai. PGDM from the Indian Institute of Management, Ahmedabad.
4	Mr. Radhakrishnan Sundar	Executive Director	58	B.E. in Electronics from the Regional Engineering College, Trichy. PGDM from the Indian Institute of Management, Ahmedabad.
5	Mr. Ketan Mehta	Non-Executive Director	56	Commerce Graduate from Gujarat University. Management Diploma from the Indian Institute of Management, Ahmedabad.

## Mastek Limited

No.	Name of Director	Designation	Age	Educational Qualifications
6	Mr. Venkatesh Chakravarty	Non-Executive Director (Independent)	56	Master's degree in Administrative Management from Bajaj Institute of Management Studies. Bachelor of Arts Degree in Economics, Political Science & Sociology.
7	Ms. Priti Rao	Non-Executive Director (Independent)	54	Postgraduate in Computer Science from Indian Institute of Technology (IIT), Mumbai.
8	Dr. Rajendra Sisodia	Non-Executive Director (Independent)	56	Electrical Engineer from BITS, Pilani, India. MBA degree in Marketing from the Bajaj Institute of Management Studies in Mumbai. Ph.D. in Marketing & Business Policy from Columbia University.
9	Mr. Atul Kanagat	Non-Executive Director (Independent)	59	B.Tech in Mechanical Engineering from Indian Institute of Technology, Mumbai. MBA from Harvard Business School, Boston, Massachusetts.
10	Dr. Arun Maheshwari	Non-Executive Director (Independent)	70	Master's degree in Computer Science from Stanford University. MBA from Columbia University. Ph.D. from Wharton School of Business.

### MCL

No.	Name of Director	Designation	Age	Educational Qualifications
1	Mr. Farid Kazani	Director	47	B.Com, Grad CWA, ACA
2	Ms. Priti Rao	Director	54	Postgraduate in Computer Science from Indian Institute of Technology (IIT), Mumbai.
3	Mr. Venkatesh Chakravarty	Director	56	Master's degree in Administrative Management from Bajaj Institute of Management Studies. Bachelor of Arts Degree in Economics, Political Science & Sociology.

### MSSIPL

No.	Name of Director	Designation	Age	Educational Qualifications
1	Mr. Farid Kazani	Director	47	B.Com, Grad CWA, ACA
2	Ms. Priti Rao	Director	54	Postgraduate in Computer Science from Indian Institute of Technology (IIT), Mumbai.

12. The Directors, Key Managerial Personnel ("KMP") and relatives of Directors and the KMP's of the Demerged Company, MCL and MSSIPL may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the respective companies, or to the extent of common directorship in the companies, or to the extent the said Directors, KMP's and relatives of Directors and the KMP's are the partners, directors, members of the companies, firms, association of persons, bodies corporate and / or beneficiary of trust that hold shares in any of the companies.
13. The details of present Directors and KMP's of the Demerged Company and their shareholding in the Demerged Company and MCL, either singly or jointly as on 22<sup>nd</sup> January, 2015 are as follows:

Name of the Director	Position in the Demerged Company	No. of Equity Shares held in	
		Mastek	MCL
Mr. S. Sandilya	Non - Executive Chairman & Independent Director	13,000	NIL
Mr. Sudhakar Ram	Managing Director & Group CEO	27,91,680	1
Mr. Ashank Desai	Non - Executive Director	30,99,552	1
Mr. Ketan Mehta	Non - Executive Director	25,19,100	NIL
Mr. Radhakrishnan Sundar	Executive Director	14,45,800	1
Ms. Priti Rao	Non - Executive Director (Independent)	7,400	1
Dr. Rajendra Sisodia	Non - Executive Director (Independent)	NIL	NIL
Mr. Venkatesh Chakravarty	Non - Executive Director (Independent)	NIL	NIL
Mr. Atul Kanagat	Non - Executive Director (Independent)	NIL	NIL
Dr. Arun Maheshwari	Non - Executive Director (Independent)	NIL	NIL
Mr. Farid Kazani	Group CFO & Finance Director	35,000	1

The directors of the Demerged Company hold shares in MCL jointly with the Demerged Company.

14. The details of present Directors and KMP's of MCL and their shareholding in the Demerged Company and MCL, either singly or jointly as on 22<sup>nd</sup> January, 2015 are as follows:

Name of the Director	Position in MCL	No. of Equity Shares held in	
		Mastek	MCL
Mr. Farid Kazani	Director	35,000	1
Mr. Venkatesh Chakravarty	Director	NIL	NIL
Ms. Priti Rao	Director	7,400	1

The directors of MCL hold shares in MCL jointly with the Demerged Company.

15. The abridged financial statements of the Demerged Company for last three years are annexed herewith as **Annexure 'A'**.
16. The rights and interest of the members and the creditors of the Demerged Company will not be prejudicially affected by the Scheme.
17. The financial position of the Demerged Company will not be adversely affected by the Scheme. The financial position of the Demerged Company will continue to remain strong and it will be able to meet and pay its debts as and when they arise in the ordinary course of business. Further, the rights and interests of the shareholders and creditors of the Demerged Company shall not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.
18. The Scheme was placed before the Audit Committee of the Company at its meeting held on 15<sup>th</sup> September, 2014. The Audit Committee of the Company took into account the recommendations on the Share Entitlement Ratio by Walker, Chandiook and Co. LLP, Chartered Accountants acting as independent Chartered Accountants, and the Fairness Opinion provided by Kotak Mahindra Capital Company Limited, Merchant Bankers. The Audit Committee concluded that the Scheme would be to the benefit of the Demerged Company and also its shareholders and recommended the Scheme to the Board of Directors of the Demerged Company by its report dated 15<sup>th</sup> September, 2014.
19. On the Scheme between Mastek Limited, Minefields Computers Limited and Majesco Software And Solutions India Private Limited being approved by the shareholders and creditors as per the requirements of Section 391 of the Act, Mastek Limited will seek the sanction of the Hon'ble High Court of Gujarat at Ahmedabad.
20. Exemption from Postal Ballot Procedure: Approval of the shareholders was not sought by postal ballot and e-voting (as required under Clause 5.16 (a) of the SEBI Circular) since the proposed Scheme is not covered under any of the cases listed under the aforesaid Clause 5.16 (a). As per Clause 5.16 (b), the necessary undertaking/approval/certification has been obtained.
21. No investigation proceedings have been instituted or are pending under Section 235 to 250A of the Companies Act, 1956 or the corresponding sections of the Companies Act, 2013, against the Demerged Company.
22. MCL and MSS IPL are separately in the process of obtaining sanction to the Scheme from their jurisdictional High Courts (i.e. the Hon'ble Bombay High Court and Hon'ble Gujarat High Court respectively).

## Mastek Limited

23. With effect from the Effective Date, upon the filing of the certified copies of the Orders of the Hon'ble High Court of Bombay and Hon'ble High Court of Gujarat, under Section 391 and 394 read with Sections 100 to 103 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013 as may be applicable with the Registrar of Companies, Mumbai and Registrar of Companies, Gujarat; the Scheme shall come into effect.
24. The following documents will be open for inspection upto 1 (One) day prior to the date of the meeting at the Registered Office of the Demerged Company between 09:00 A.M and 05:00 P.M on any working day (Monday to Friday):
- a) Certified copy of the Order of the Hon'ble High Court of Gujarat dated 22<sup>nd</sup> January, 2015 passed in Company Application No. 23 of 2015 directing convening of the meeting of Equity Shareholders, Secured Creditors and Unsecured Creditors of Mastek Limited.
  - b) Certified copy of the order of the Hon'ble Bombay High Court, once received by MCL.
  - c) Certified copy of the order of the Hon'ble Gujarat High Court, once received by MSSIPL.
  - d) Scheme of Arrangement.
  - e) Memorandum and Articles of Association of all the three companies viz. Mastek Limited, MCL and MSSIPL.
  - f) The latest Audited Accounts of Mastek Limited and MCL as at 31<sup>st</sup> March, 2014 and provisional financials of MSSIPL as at 13<sup>th</sup> January, 2015.
  - g) Letters under Clause 24(f) of Listing Agreement dated 9<sup>th</sup> December, 2014 of BSE and that of NSE approving the Scheme alongwith correspondence with SEBI in this regard.
  - h) Share Entitlement Ratio report dated 13<sup>th</sup> September, 2014 by Walker Chandiook & Co. LLP for the demerger of Insurance Products and Services Business of Mastek Limited into Minefields Computers Limited and subsequent valuation of Offshore Insurance Operations of Minefields Computers Limited for the slump sale of Offshore Insurance Operations to Majesco Software And Solutions India Private Limited.
  - i) Copy of the Fairness opinion by Merchant Banker, Kotak Mahindra Capital Company Limited, Mumbai dated 15<sup>th</sup> September, 2014.
  - j) Copy of the Audit Committee Report dated 15<sup>th</sup> September, 2014.
  - k) Copy of the Undertaking and the Chartered Accountant's certificate dated 15<sup>th</sup> September, 2014 submitted to SEBI confirming non applicability of clause 5.16(a) of the SEBI circulars (CIR/CFD/DIL/5/2013 dated 4<sup>th</sup> February, 2013 and CIR/CFD/DIL/8/2013 dated 21<sup>st</sup> May, 2013).
  - l) Complaints Report dated 20<sup>th</sup> October, 2014 submitted by the Company to the BSE and NSE and also uploaded on its website.
  - m) Copies of the resolutions passed by the respective Board of Directors of all the three companies approving the Scheme.

**This statement may be treated as an Explanatory Statement under section 393 of the Companies Act, 1956. A copy of the scheme and Explanatory Statement may be obtained from the Registered Office of Mastek Limited at 804/805, President House, Opp. C. N. Vidyalaya, Nr. Ambawadi Circle, Ahmedabad, 380 006 in the state of Gujarat.**

Sd/-

**S. Sandilya**  
**Chairman appointed for the meeting**

Dated this 31<sup>st</sup> day of January 2015  
Mumbai, India

Registered Office:  
804/805, President House, Opp. C. N. Vidyalaya,  
Nr. Ambawadi Circle, Ahmedabad, 380 006  
in the state of Gujarat.

## ANNEXURE A: ABRIDGED FINANCIALS

## ANNEXURE-A1: SUMMARISED BALANCE SHEET

Year/Period ended on	31-03-2014	31-03-2013	30-06-2012
<b>EQUITY AND LIABILITIES</b>	<b>Rs. in Crore</b>		
<b>Shareholders' Funds:</b>			
Share Capital	11.08	12.32	13.51
Reserves & Surplus	332.29	370.07	364.48
<b>Non-Current Liabilities:</b>			
Long-Term Borrowings	1.35	1.24	0.44
Other Long Term Liabilities	-	0.48	0.51
Long-Term Provisions	17.54	28.60	35.03
<b>Current Liabilities:</b>			
Trade Payables	2.79	2.77	2.29
Other Current Liabilities	65.19	43.96	40.20
Short Term Provisions	18.51	21.92	25.10
<b>TOTAL</b>	<b>448.75</b>	<b>481.36</b>	<b>481.56</b>
<b>ASSETS</b>			
<b>Non-Current Assets:</b>			
Fixed Assets			
Tangible Assets	67.20	69.44	73.16
Intangible Assets	10.61	12.71	13.73
Capital Work-in-Progress	0.34	2.60	0.00
Non-Current Investments	136.55	152.24	152.96
Deferred Tax Assets	18.82	21.43	18.74
Long Term Loans & Advances	60.90	58.05	56.52
<b>Current Assets:</b>			
Current Investments	81.40	37.00	40.10
Trade Receivables	33.69	56.54	64.68
Cash and Bank Balances	17.31	38.09	33.76
Short Term Loans and Advances	6.76	11.38	10.25
Other Current Assets	15.17	21.88	17.66
<b>TOTAL</b>	<b>448.75</b>	<b>481.36</b>	<b>481.56</b>

# Mastek Limited

## ANNEXURE A2: SUMMARISED PROFIT AND LOSS ACCOUNT

Year/Period ended on	31-03-2014	31-03-2013 (Nine Month Period)	30-06-2012
<b>Income:</b>	<b>Rs. in Crore</b>		
Revenue	550.43	401.02	450.88
Other Income	21.44	29.99	12.57
<b>Total</b>	<b>571.87</b>	<b>431.01</b>	<b>463.45</b>
<b>Expenses:</b>			
Employee Benefits Expense	325.25	240.91	285.65
Finance Costs	0.27	0.15	0.12
Depreciation and Amortization Expenses	25.66	17.80	26.46
Other Expenses	172.42	139.66	157.23
<b>Total Expenses</b>	<b>523.60</b>	<b>398.52</b>	<b>469.46</b>
<b>Profit before Exceptional item and tax</b>	<b>48.27</b>	<b>32.49</b>	<b>(6.01)</b>
Exceptional Item - Provision for other than temporary decline in value	15.55	-	-
<b>Profit/(Loss) before tax</b>	<b>32.72</b>	<b>32.49</b>	<b>(6.01)</b>
<b>Tax Expense:</b>			
Current Tax	11.23	8.99	6.93
Less : Minimum alternate tax credit entitlement	(0.92)	(3.23)	(3.73)
Net current tax	10.31	5.76	3.20
Deferred tax charge/(credit)	2.61	(2.69)	(0.93)
Income Tax refund/write back for earlier years	(7.17)	(0.77)	(2.71)
<b>Profit/(Loss) for the year/period</b>	<b>26.97</b>	<b>30.19</b>	<b>(5.57)</b>
<b>Balance as per last year's Balance Sheet</b>	<b>281.58</b>	<b>263.54</b>	<b>248.02</b>
Add: Balance transferred on merger of Keystone Solutions Pvt. Ltd.	-	-	21.09
Less : Dividend on equity shares			
Interim	4.31	-	-
Final	6.09	7.39	-
Less: Dividend distribution tax on proposed dividend on equity shares	1.04	1.26	-
Less: Tax on Interim Dividend	(1.21)	-	-
Transfer to General Reserve	5.20	3.50	-
<b>Balance carried to Balance Sheet</b>	<b>293.12</b>	<b>281.58</b>	<b>263.54</b>



**SCHEME OF ARRANGEMENT****UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 100 TO 103 OF THE COMPANIES ACT, 1956****AMONG****MASTEK LIMITED****AND****MINEFIELDS COMPUTERS LIMITED****AND****MAJESCO SOFTWARE AND SOLUTIONS INDIA PRIVATE LIMITED****AND****THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

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**PREAMBLE**

This Scheme of Arrangement is presented pursuant to the provisions of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 to reorganize and streamline the business of Mastek Limited (“hereinafter referred to as the **“Demerged Company”** or **“Mastek”**) by way of demerger of the Insurance Products and Services Business (as hereinafter defined) to Minefields Computers Limited (**“Resulting Company”** or **“Transferor Company”** or **“MCL”**) and Slump Sale of the Offshore Insurance Operations (as hereinafter defined) by the Transferor Company to Majesco Software and Solutions India Private Limited (**“Transferee Company”** or **“MSSIPL”**).

**A. Description of Companies:****(a) Mastek Limited (“Mastek”)**

- i. Mastek Limited is a public limited company incorporated under the Companies Act, 1956 and having its registered office at 804/805 President House, Near Ambawadi Circle, Ahmedabad,, Gujarat – 380 006.
- ii. The equity shares of Mastek are listed on the Bombay Stock Exchange and the National Stock Exchange.
- iii. Mastek is a IT/ITES software company which provides IT solutions and services to corporates and makes business critical applications for its clients.
- iv. Mastek has two distinct business verticals:
  - a. **Insurance Products and Services Business** – This business vertical is Intellectual Property centric, domain intensive and largely caters to the US insurance market, with some customers in other jurisdictions like Canada, Malaysia, Thailand and UK.
  - b. **Vertical Solutions Business** – This business vertical delivers large unique complex programs, leveraging information technology service capabilities. This business largely caters to the UK markets, serving government, financial service and retail customers.

**(b) Minefields Computers Limited (“MCL”)**

Minefields Computers Limited is a public limited company incorporated under the Companies Act, 1956 with its registered office at Mastek New Development Center, MBP-P-136, Mahape, Navi Mumbai – 400 710.

**(c) Majesco Software and Solutions India Private Limited (“MSSIPL”)**

Majesco Software and Solutions India Private Limited is a private limited company incorporated under the Companies Act, 2013 with its registered office at 805, President House, Near Ambawadi Circle, Ahmedabad - 380015.

# Mastek Limited

## **B. Rationale for the Scheme of Arrangement:**

Mastek currently has two different business verticals - the Insurance Products and Services Business which is product-led and largely US centric; and, the Vertical Solutions Business that leverages Mastek's unique capability to deliver large and complex programs, and which predominantly caters to the UK market.

The Insurance Products and Services Business offers tremendous growth potential, which requires substantial investments in terms of product research and developments, brand building and sales. It is largely Intellectual Property centric and domain intensive. It is a high gross margin business, with excellent growth opportunities - the insurance industry is currently in the midst of a once in a generation modernization cycle and therefore large majority of insurance carriers are looking at transformation of their core systems over next 5 years. The competitive landscape in this sector is very fragmented, as very few companies offer end to end solutions at competitive prices. In the US, this business is well positioned to gain a large share in this growing market. However, while this business will need significant investments, especially in Research and Development, in order to develop high end, industry leading products over the next few years and tap both organic and inorganic opportunities, the current business structure of Mastek limits the ability of the Insurance Products and Services Business to fund its organic and inorganic growth independently. This becomes a key challenge for the growth of this vertical.

The Verticals Solutions Business, on the other hand, is more profitable and offers a steady growth potential. This business has been the mainstay of Mastek's business over time and Mastek enjoys a good reputation in the market – especially in delivering complex and unique green-field programs within UK and with the Indian government. This business is a more profitable business with good gross margins combined with lower sales costs. It also requires lesser investment as compared to the Insurance Products and Services Business to drive its growth. Digitisation across verticals and changing customer preferences leading to higher spend on information technology provides excellent growth opportunities for this business.

Both business verticals are thus significantly different in terms of their business models, growth opportunities, investment requirements and staff profile. On one hand, the Insurance Products and Services Business offers tremendous growth potential, but also has large investment requirements in terms of Research and Development, brand building and sales. On the other hand, the Vertical Solutions Business offers steady growth, is profitable, but has lesser investment requirements. Operating these business verticals under one umbrella of Mastek has made it difficult for each of the businesses to perform to full potential. Further, the differing risk-reward profile of the two businesses has led to overall performance of Mastek being sub-optimal. The diverse trajectory of the Insurance Products and Services Business and the Vertical Solutions Business also leads to disparate risk-reward profile for the stakeholders.

It is now felt, after intense deliberations that in order to mitigate the above challenges, the business of Mastek should be restructured with an aim to create long term shareholder value. Hence, it was decided that the Insurance Products and Services Business should be demerged into an independent company (currently named MCL, to be renamed to Majesco Limited pursuant to Clause 34 of this Scheme), whose shares would also be listed on the Stock Exchange as defined hereto after the demerger with mirror shareholding as Mastek. Upon such demerger, Mastek would continue to carry on the Vertical Solutions Business and Majesco Limited would constitute the Insurance Products and Services Business would have their own independent management teams and Board of Directors, who can independently chart out their strategies to maximize value creation for their respective stakeholders. Additionally, the Offshore Insurance Operations would be transferred from Majesco Limited to a step down subsidiary, Majesco Software and Solutions India Pvt. Ltd., a company which is a subsidiary of Majesco Insurance Software and Solutions Inc (USA).

The key objectives for this restructuring, which is primarily focused towards maximizing shareholder value, are:

- It will give shareholders the opportunity to participate in the business of their choice, based on their risk-reward profile;
- It will facilitate each business to independently pursue their growth plans through organic / inorganic means;
- It will enhance management focus and operational flexibility; and
- It will create a platform to enhance financial flexibility to pursue next stage of growth.

**C. Parts of the Scheme:**

The Scheme is divided into the following parts:

- (A) **PART I** sets out the Definitions, Share Capital and Date of taking effect of the Scheme;
- (B) **PART II** sets out provisions for transfer and vesting of the Demerged Undertaking (as defined hereinafter) to and in the Resulting Company;
- (C) **PART III** sets out provisions with respect to Slump Sale of the Offshore Insurance Operations to the Transferee Company;
- (D) **PART IV** sets out the General Terms and Conditions.

**PART I****DEFINITIONS, SHARE CAPITAL, ETC.****1. DEFINITIONS:**

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1 **"Act"** means the Companies Act, 1956 or, as the case may be, the Companies Act, 2013 (to the extent applicable) and any statutory modification or re-enactment thereof for the time being in force.
- 1.2 **"Appointed Dates"** means the First Appointed Date and the Second Appointed Date.
- 1.3 **"Board of Directors"** or **"Board"** shall mean the Board of Directors or any Committee thereof of Mastek, MCL or MSS IPL, as the case maybe.
- 1.4 **"Companies"** means Mastek, MCL and MSS IPL collectively and **"Company"** means either Mastek, MCL or MSS IPL, as the context may require;
- 1.5 **"Demerged Undertaking" or "Insurance Products and Services Business"** means the entire undertaking of Mastek pertaining to its Insurance Products and Services Business and includes:
  - 1.5.1 All assets (whether moveable or immovable) and liabilities pertaining to the Insurance Products and Services Business including but not limited to the India Insurance Business and the Offshore Insurance Operations, as on the First Appointed Date
  - 1.5.2 Without prejudice to the generality of the provisions of the sub-clause 1.5.1 above, the Insurance Products and Services Business shall include without limitations the following:
    - (a) All assets (whether moveable or immovable) including freehold land, office premises, all other assets and properties (whether tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) including, without limitation, interests, loans, deposits, advances (including accrued interest), investments including investments in overseas subsidiaries, receivables, cash on hand, investment in mutual funds, liquid funds, balance with banks (including bank fixed deposits), equipment, plant and machinery and the related assets and agreements, capital work in progress, unbilled revenue, furniture, fixtures, office equipment, appliances, accessories, vehicles, power connections, utilities and other service connections, all customer contracts, forward cover contracts, hedging contracts, receivables, claims, refunds, earnest moneys paid, rights and benefits under any agreements or security arrangements and funds, contingent rights, rights arising under contracts and all other rights, title, interests, privileges and benefits of every kind wherever located (including in the possession of vendors, third parties or elsewhere) and used or held, by the Demerged Company in, or otherwise identified for use in, or relating to, the business activities and operations pertaining to the Insurance Products and Services Business of the Demerged Company;
    - (b) All liabilities and all debts, guarantees, assurances, commitments, obligations, loans, and undertakings of any kind, nature and description whatsoever and howsoever arising, present or future and including,

## Mastek Limited

without limitation, borrowings, working capital facilities, advances from customers, unearned revenues, bills payable, interest, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or un-known, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to or relating to the Insurance Products and Services Business of the Demerged Company;

**Explanation:** For the purpose of this Scheme, it is hereby clarified that the liabilities pertaining to the Insurance Products and Services Business of the Demerged Company shall include:

- (i) liabilities, which accrue or arise out of the activities or operations of the Insurance Products and Services Business of the Demerged Company;
  - (ii) specific loans and borrowings raised, incurred and utilized for the activities or operations of the Insurance Products and Services Business of the Demerged Company; and
  - (iii) liabilities other than those referred to in sub-clauses (i) and (ii) above and not directly relating to the Remaining Undertaking of the Demerged Company, being the amounts of general or multipurpose borrowings of the Demerged Company which liabilities shall be allocated to the Insurance Products and Services Business of Demerged Company in the same proportion in which the value of the assets transferred under this Clause bears to the total value of the assets of the Demerged Company immediately before the First Appointed Date.
- (c) All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which the Demerged Company is a party, relating to its Insurance Products and Services Business, or otherwise identified to be for the benefit of the same, approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension pertaining to or relating to the Insurance Products and Services Business of the Demerged Company;
  - (d) All intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, patents, 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, used by the Demerged Company or held for use by the Demerged Company in the business, activities and operations pertaining to its Insurance Products and Services Business;
  - (e) All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Demerged Company in relation to or pertaining to its Insurance Products and Services Business, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or semi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by the Demerged Company in respect of business, activities and operations pertaining to its Insurance Products and Services Business;
  - (f) All tax credits, including cenvat credits, refunds, reimbursements, claims, exemptions, benefits under service tax laws, value added tax (VAT), purchase tax, sales tax or any other duty or tax or cess or imposts under any Central or State law including sales tax deferrals, special economic zone benefits, excise duty benefits, tax deducted at source, right to carry forward and set-off unabsorbed losses, and depreciation, if any and exemptions, deductions, benefits and incentives under the Income-tax Act in respect of business, activities and operations pertaining to the Insurance Products and Services Business of the Demerged Company;

- (g) All rights, benefits and other interest, whether held in trust or otherwise, contracts, agreements, powers, engagements, arrangements of all kind, privileges and all other rights including title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, possession, power or custody of or in the control of or vested in or granted in favour of or enjoyed by the Demerged Company, whether in India or abroad, all pertaining to or relating to the Insurance Products and Services Business of the Demerged Company;
- (h) All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to or relating to the Insurance Products and Services Business of the Demerged Company;
- (i) All such employees including contract employees of the Demerged Company, as are primarily engaged in or in relation to the business activities and operations pertaining to the Insurance Products and Services Business of the Demerged Company at its respective offices, branches, or by its subsidiaries, etc, and any other employees/personnel hired by the Demerged Company on and after the date hereof who are primarily engaged in or in relation to the business, activities and operations pertaining to its Insurance Products and Services Business;

Any question that may arise as to whether a specific asset or liability or any other property or employee pertains or does not pertain to the Insurance Products and Services Business of the Demerged Company or whether it arises out of the activities or operations of the Insurance Products and Services Business of the Demerged Company shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company.

- 1.6 **“Effective Date”** or **“coming into effect of this Scheme”** or **“upon the Scheme becoming effective”** means the last of the dates on which the actions set out in Clause 32 are duly fulfilled.
- 1.7 **“Existing Stock Option Schemes”** means the Employee Stock Option Plan(s) issued by Mastek under the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 including but not limited to the Employee Stock Option Plans III, IV, V, VI and VII.
- 1.8 **“First Appointed Date”** for the purpose of Demerger of the Insurance Products and Services Business of the Demerged Company into the Resulting Company means April 1, 2014 or such other date as may be determined by the Board of Directors of the Resulting Company or a committee thereof in consultation with the Board of Directors of the Demerged Company or a committee thereof, subject to approval by the High Court;
- 1.9 **“Governmental Authority”** means any applicable Central, State or local Government (including Municipal), legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.
- 1.10 **“High Court”** means the High Court of Gujarat at Ahmedabad and High Court of Judicature at Bombay and/or, as the case may be, the National Company Law Tribunal.
- 1.11 **“Income-tax Act”** means the Income-tax Act, 1961 including any statutory modification or re-enactment thereof or amendment thereto for the time being in force.
- 1.12 **“Mastek Group”** shall mean and include the Demerged Company and all its existing and future affiliates.
- 1.13 **“Mastek”** or **“Demerged Company”** means Mastek Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 804/805 President House, Near Ambawadi Circle, Ahmedabad, Gujarat – 380 006.
- 1.14 **“MCL”** or **“Resulting Company”** or **“Transferor Company”** means Minefields Computers Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Mastek New Development Center, MBP-P-136, Mahape, Navi Mumbai – 400 710.
- 1.15 **“MSSIPL”** or **“Transferee Company”** means Majesco Software and Solutions India Private Limited a company incorporated under the Companies Act, 2013 with its registered office at 805, President House, Near Ambawadi Circle, Ahmedabad - 380015.

## Mastek Limited

1.16 **“Offshore Insurance Operations”** means the global delivery centre which is part of the Insurance Products and Services Business and includes:

1.16.1 All assets (whether moveable or immovable) and liabilities pertaining to the Offshore Insurance Operations as on the Second Appointed Date.

1.16.2 Without prejudice to the generality of the provisions of the sub-clause 1.16.1 above, the Offshore Insurance Operations shall include without limitations the following:

- (a) All assets (whether moveable or immovable) including freehold land, office premises, all other assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) including, without limitation, interests, loans, deposits, advances (including accrued interest), investments, receivables, cash on hand, investment in mutual funds, liquid funds, balance with banks (including bank fixed deposits), equipment, plant and machinery and the related assets and agreements, capital work in progress, unbilled revenue, furniture, fixtures, office equipment, appliances, accessories, vehicles, power connections, utilities and other service connections, all customer contracts, forward cover contracts, hedging contracts, receivables, claims, refunds, earnest moneys paid, rights and benefits under any agreements or security arrangements and funds, contingent rights, rights arising under contracts, and all other rights, title, interests, privileges and benefits of every kind, wherever located (including in the possession of vendors, third parties or elsewhere) and used or held, by MCL in, or otherwise identified for use in, or relating to, the business activities and operations pertaining to the Offshore Insurance Operations of MCL;
- (b) All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which MCL is a party, relating to its Offshore Insurance Operations, or otherwise identified to be for the benefit of the same, approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension pertaining to or relatable to the Offshore Insurance Operations of MCL;
- (c) All intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, patents, 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, used or held for use by MCL in the business, activities and operations pertaining to its Offshore Insurance Operations;
- (d) All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by MCL in relation to or pertaining to its Offshore Insurance Operations, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or semi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by MCL in respect of business, activities and operations pertaining to its Offshore Insurance Operations;
- (e) All tax credits, including cenvat credits, refunds, reimbursements, claims, exemptions, benefits under service tax laws, value added tax (VAT), purchase tax, sales tax or any other duty or tax or cess or imposts under any Central or State law including sales tax deferrals, special economic zone benefits, excise duty benefits, tax deducted at source, right to carry forward and set-off unabsorbed losses, and depreciation, if any and exemptions, deductions, benefits and incentives under the Income-tax Act in respect of business, activities and operations pertaining to the Offshore Insurance Operations of MCL; all rights, benefits and other interest, whether held in trust or otherwise, contracts, agreements, powers, engagements, arrangements of all kind, privileges and all other rights including title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, possession, power or custody of or in the control of or vested in

or granted in favour of or enjoyed by MCL, whether in India or abroad, all pertaining to or relating to the Offshore Insurance Operations of MCL;

- (f) All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to or relating to the Offshore Insurance Operations of MCL;
- (g) All such employees including contract employees as are primarily engaged in or in relation to the business activities and operations pertaining to the Offshore Insurance Operations at the respective offices, branches, etc, and any other employees/personnel hired on and after the date hereof who are primarily engaged in or in relation to the business, activities and operations pertaining to the Offshore Insurance Operations;
- (h) All liabilities and all debts, guarantees, assurances, commitments, obligations, loans, and undertakings of any kind, nature and description whatsoever and howsoever arising, present or future and including, without limitation, borrowings, working capital facilities, advances from customers, unearned revenues, bills payable, interest, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or un-known, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to or relating to the Offshore Insurance Operations of MCL.

Any question that may arise as to whether a specific asset or liability or any other property or employee pertains or does not pertain to the Offshore Insurance Operations of MCL or whether it arises out of the activities or operations of the Offshore Insurance Operations of MCL shall be decided by mutual agreement between the Board of Directors of MCL and MSS IPL.

- 1.17 **“Record Date”** shall mean the date to be fixed by the Board of Directors of the Resulting Company or a committee thereof in consultation with the Board of Directors of the Demerged Company or a committee thereof for the purpose of determining the members of the Demerged Company to whom shares of the Resulting Company will be allotted pursuant to Part II of this Scheme in terms of clause 11.1.1
- 1.18 **“Remaining Undertaking of the Demerged Company”** means all the assets and liabilities of the Demerged Company not forming part of the Demerged Undertaking.
- 1.19 **“Remaining Undertaking of MCL”** means all the assets and liabilities of MCL other than those pertaining to the Offshore Insurance Operations.
- 1.20 **“Scheme of Arrangement”** or **“Scheme”** means this Scheme of Arrangement as submitted in the present form to the High Court or with any modification(s) approved or imposed or directed by the High Court or made pursuant to Clause 30 of this Scheme.
- 1.21 **“Second Appointed Date”** means November 1, 2014 or such other date as may be determined by the Board of Directors of MSS IPL or a committee thereof in consultation with the Board of Directors of MCL or a committee thereof, subject to approval by the High Court;
- 1.22 **“Stock Exchange”** means BSE Limited and National Stock Exchange of India Limited.
- 1.23 In this Scheme, unless the context otherwise requires:
  - 1.23.1 words denoting the singular shall include the plural and vice versa;
  - 1.23.2 headings and bold typefaces are only for convenience and shall be ignored for the purpose of interpretation;
  - 1.23.3 references to the word “include” or “including shall be construed without limitation;
  - 1.23.4 unless otherwise defined, the reference to the word “days” shall mean calendar days;
  - 1.23.5 reference to dates and times shall be construed to be reference to Indian dates and times;

## Mastek Limited

- 1.23.6 reference to a document includes an amendment or supplement to, or replacement or novation of the document;
- 1.23.7 the terms "hereof", "herein", "hereby", "hereto" and derivative or similar words refer to this entire Scheme or specified Clauses of this Scheme, as the case may be;
- 1.23.8 the ejusdem generis principle of construction shall not apply to this Scheme and, accordingly general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words;
- 1.23.9 the term "Clause" refers to the specified Clause of this Scheme; and
- 1.23.10 references to any legislation or to any provision thereof shall include references to any such law as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income-tax Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 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. SHARE CAPITAL

### 2.1 Mastek:

The authorised share capital and the issued, subscribed and fully paid-up share capital of Mastek, as on March 31, 2014 was as under:

Particulars	Rs.
<b><u>Authorised Share Capital</u></b>	
4,00,00,000 Equity Shares of Rs. 5/- each	20,00,00,000/-
20,00,000 Preference Shares of Rs. 100/- each	20,00,00,000/-
<b>TOTAL</b>	<b>40,00,00,000/-</b>
<b><u>Issued, Subscribed &amp; Fully Paid-up Share Capital</u></b>	
2,21,60,680 Equity Shares of Rs. 5/- each	11,08,03,400/-
<b>TOTAL</b>	<b>11,08,03,400/-</b>

Subsequent to the above, there has been a change in the issued, subscribed and fully paid up share capital of Mastek pursuant to issue of shares under the Existing Stock Option Schemes. The new issued, subscribed and fully paid up share capital of Mastek as on date is as under:

Particulars	Rs.
<b><u>Authorised Share Capital</u></b>	
4,00,00,000 Equity Shares of Rs. 5/- each	20,00,00,000/-
20,00,000 Preference Shares of Rs. 100/- each	20,00,00,000/-
<b>TOTAL</b>	<b>40,00,00,000/-</b>
<b><u>Issued, Subscribed &amp; Fully Paid-up Share Capital</u></b>	
22,431,447 Equity Shares of Rs. 5/- each	112,157,235/-
<b>TOTAL</b>	<b>112,157,235/-</b>

The shares of Mastek are currently listed on the Stock Exchange.

### 2.2 MCL:

The authorised share capital and the issued, subscribed and fully paid-up share capital of MCL, as on March 31, 2014 was as under:



Particulars	Rs.
<b>Authorised Share Capital</b>	
10,000 Equity Shares of Rs. 10/- each	1,00,000/-
<b>TOTAL</b>	<b>1,00,000/-</b>
<b>Issued, Subscribed &amp; Fully Paid-up Share Capital</b>	
10,000 Equity Shares of Rs. 10/- each	1,00,000/-
<b>TOTAL</b>	<b>1,00,000/-</b>

MCL has become a 100% wholly owned subsidiary of Mastek with effect from September 15, 2014. Subsequent to that, there has been a change in the authorized, issued, subscribed and fully paid up share capital of MCL wherein additional shares were issued by MCL to Mastek. The new authorized, issued, subscribed and fully paid up share capital of MCL as on date is as under:

Particulars	Rs.
<b>Authorised Share Capital</b>	
50,000 Equity Shares of Rs. 10/- each	5,00,000/-
<b>TOTAL</b>	<b>5,00,000/-</b>
<b>Issued, Subscribed &amp; Fully Paid-up Share Capital</b>	
50,000 Equity Shares of Rs. 10/- each	5,00,000/-
<b>TOTAL</b>	<b>5,00,000/-</b>

### 2.3 **MSSIPL:**

MSSIPL was incorporated on October 21, 2014. The authorised share capital and the issued, subscribed and fully paid-up share capital of MSSIPL, is as under:

Particulars	Rs.
<b>Authorised Share Capital</b>	
10,000 Equity Shares of Rs. 10/- each	1,00,000/-
<b>TOTAL</b>	<b>1,00,000/-</b>
<b>Issued, Subscribed &amp; Fully Paid-up Share Capital</b>	
10,000 Equity Shares of Rs. 10/- each	1,00,000/-
<b>TOTAL</b>	<b>1,00,000/-</b>

The shares of MSSIPL are not listed on any Stock Exchange.

### 3. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

The Scheme shall be operative from the Effective Date, but shall operate from and be implemented with effect from the Appointed Dates.

## **PART II**

### **TRANSFER AND VESTING OF DEMERGED UNDERTAKING TO AND IN THE RESULTING COMPANY**

#### 4. **TRANSFER OF DEMERGED UNDERTAKING**

##### 4.1 **Generally:**

- 4.1.1 On the coming into effect of this Scheme and with effect from the First Appointed Date, the Demerged Undertaking, as defined in Clause 1.5, shall pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and without any further act, instrument, deed, matter or thing, be and stand transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on a going concern basis, so as to vest in the Resulting Company all rights, title and interest pertaining to the Demerged Undertaking.

## Mastek Limited

4.1.2 The demerger of the Demerged Undertaking under this Scheme shall be in compliance with the conditions of “demerger” as specified under Section 2(19AA) of the Income-tax Act. If any of the terms of this Scheme are inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, the provisions of Section 2(19AA) of the Income-tax Act shall to the extent of such inconsistency, prevail and the Scheme shall, stand and be deemed to be modified to that extent to comply with the said provisions and such modifications shall not affect the other parts of the Scheme.

### 4.2 **Transfer of Assets:**

4.2.1 Without prejudice to the generality of Clause 4.1.1 above:

- (a) All the assets and properties (whether moveable or immovable) forming part of the Demerged Undertaking of whatsoever nature and wheresoever situate and which are incapable of passing by manual delivery, shall, pursuant to the provisions of Sections 391 to 394 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 the Resulting Company or be deemed to be transferred to and vested in the Resulting Company so as to become the assets and properties of the Resulting Company, subject however to the provisions of Clause 4.4 hereinbelow.
- (b) Without prejudice to the provisions of sub-clause (a) of this Clause 4.2.1, in respect of such assets and properties forming part of the Demerged Undertaking, as are moveable in nature or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Demerged Company to the Resulting Company and shall, upon such transfer, become the assets and properties of the Resulting Company as an integral part of the Demerged Undertaking and no stamp duty shall be payable in respect of transfer of such moveable properties.
- (c) In respect of moveable properties of the Demerged Company forming part of the Demerged Undertaking other than those dealt with in sub-clause (b) of this Clause 4.2.1 or any incorporeal property and in respect of current assets, sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments including investment in overseas subsidiaries, earnest money and deposits with any Government, quasi-Government, local or other authority or body or with any company or other person, the same shall stand transferred to and vested in the Resulting Company without any notice or other intimation to the debtor or any other person.
- (d) All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, relaxations, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Demerged Company in relation to or pertaining to the Demerged Undertaking, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or semi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal) administrative or judicial authority, exclusively used or held for use by the Demerged Company in respect of business, activities and operations pertaining to the Demerged Undertaking and all rights and benefits that have accrued or which may accrue to the Demerged Company after the First Appointed Date, in relation to the Demerged Undertaking shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Resulting Company and the same shall remain valid, effective and enforceable on the same terms and conditions. The concerned statutory or other authorities and licensors shall endorse and/or mutate or record the separation, make entry in their records and/or upon the relevant documents itself so as to give effect to the Scheme in order to facilitate the continuation of operations of the Demerged Undertaking in the Resulting Company without any hindrance from the effective date.

4.2.2 All assets and properties comprised in the Demerged Undertaking of the Demerged Company, as on the start of business on the First Appointed Date with respect to the demerger, whether or not included in the books of the Demerged Company, and all assets and properties, which are acquired by the Demerged Company on or after the First Appointed Date till the Effective Date in relation to and forming part of the Demerged Undertaking, shall be deemed to be and shall become the assets and properties of the Resulting Company by virtue of and in the manner provided in this Scheme and shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any

further act or deed, be and stand transferred to and vested in the Resulting Company or be deemed to be transferred to and vested in the Resulting Company.

4.2.3 The Resulting Company shall be entitled to the benefit of all pre-qualification, track-record, experience, goodwill and all other rights, claims and powers of whatsoever nature and wheresoever situate belonging to or in the possession of or granted in favour of or enjoyed by the Demerged Company in connection with or pertaining or relating to the Demerged Undertaking for all intents and purposes and specifically including but not limited to the track-record and experience of having undertaken, performed and/or executed the business and/or orders by the Demerged Undertaking from the commencement of its business.

#### 4.3 **Transfer of Liabilities**

4.3.1 Without prejudice to the generality of Clause 4.1.1 above, all debts, loans (including convertible loans, if any), liabilities and obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), of every kind, nature and description of the Demerged Company relating to and forming part of the Demerged Undertaking as referred to in Clause 1.5.2(b), shall, pursuant to the sanction of this Scheme by the High Court and pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, be transferred to and be assumed by or be deemed to be transferred to and assumed by the Resulting Company, without any further act, instrument, deed, matter or thing and the same shall be assumed by the Resulting Company to the extent they are outstanding on the Effective Date so as to become the liabilities of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company and the Resulting Company shall meet, discharge and satisfy the same and further 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 liabilities have arisen in order to give effect to the provisions of this Clause.

4.3.2 All debts, loans, liabilities and obligations raised, utilized, incurred or undertaken by the Demerged Company or which may arise or accrue to the Demerged Company in relation to or forming part of the Demerged Undertaking on and after the First Appointed Date and till the Effective Date shall be deemed to have been raised, utilised, incurred or undertaken for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall pursuant to the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed be and stand transferred to and assumed by or be deemed to have been transferred to and assumed by the Resulting Company and shall become the debts, loans, liabilities and obligations of the Resulting Company which shall meet, discharge and satisfy the same and further 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, loans, liabilities and obligations have arisen in order to give effect to the provisions of this Clause.

4.3.3 Where any of the liabilities of the Demerged Company in relation to or forming part of the Demerged Undertaking have been discharged / satisfied by the Demerged Company on or after the First Appointed Date and till the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.

#### 4.4 **Encumbrances on Assets forming part of Demerged Undertaking**

4.4.1 The transfer and vesting of the assets and liabilities forming part of the Demerged Undertaking under this Scheme shall be subject to the mortgages and charges, if any, affecting the same as hereinafter provided:

(a) The securities, charges, encumbrances or liens (hereinafter referred to as the “**Encumbrances**”) existing, on the Effective Date, over the assets forming part of the Demerged Undertaking of the Demerged Company or any part thereof and transferred to the Resulting Company in terms of this Scheme shall, without any further act or deed, continue to relate or attach to such assets or any part thereof transferred to the Resulting Company, but such Encumbrances, if any, shall not relate or attach to the other assets and properties of the Resulting Company or any part thereof.

(b) Without prejudice to sub-clause (a) of this Clause 4.4.1, it is clarified that any reference in any security documents or arrangements in relation to the Encumbrances, to the Demerged Company and its assets and properties, shall be construed as a reference to the Resulting Company and the assets and properties of the Resulting Company, provided always that such Encumbrances, if any, shall extend only to and over those assets and properties forming part of the Demerged Undertaking which are transferred to and vested in the Resulting Company and not any other assets and properties of the Resulting Company.

## Mastek Limited

- (c) In so far as any Encumbrances, existing or created at any time prior to the Effective Date, over the assets forming part of the Demerged Undertaking, are security for the debts, liabilities and obligations of the Demerged Company in relation to the Remaining Undertaking of the Demerged Company, the same shall, on the Effective Date, without any further act, instrument or deed, be modified to the extent that all such assets shall stand released and discharged from the obligations attached thereto, and securities created thereon, to secure the debts, liabilities and obligations of the Demerged Company in relation to the Remaining Undertaking of the Demerged Company and such Encumbrances shall cease to operate against the assets forming part of the Demerged Undertaking transferred to the Resulting Company in terms of this Scheme. The absence of any formal amendment which may be required by any lender or third party shall not affect the operation of this Clause.
- (d) In so far as any securities, charges, encumbrances or liens, existing or if created at any time prior to the Effective Date, over the assets forming part of the Remaining Undertaking of the Demerged Company are security for the debts, liabilities and obligations of the Demerged Company in relation to the Demerged Undertaking transferred to the Resulting Company, the same shall, on the Effective Date, without any further act, instrument or deed, be modified to the extent that all such assets shall stand released and discharged from the obligations attached thereto, and securities created thereon, to secure the debts, liabilities and obligations of the Demerged Company in relation to the Demerged Undertaking transferred to the Resulting Company and such encumbrances shall cease to operate against the assets forming part of the Remaining Undertaking of the Demerged Company in terms of this Scheme. The absence of any formal amendment which may be required by any lender or third party shall not affect the operation of this Clause.

4.4.2 Without prejudice to the foregoing provisions, the Demerged Company and the Resulting Company shall execute instruments or documents for recording the change of entity and do all acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the concerned Registrar of Companies to give formal effect to the substitution of the name of the Demerged Company with the name of the Resulting Company, if required.

4.4.3 The provisions of this Clause 4.4 shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall be deemed to stand modified and/or superseded by the foregoing provisions.

## **5. EMPLOYEES, STAFF & WORKMEN**

- 5.1 All employees, staff and workmen of the Demerged Company engaged in or in relation to the Demerged Undertaking who are in employment on the date immediately preceding the Effective Date, shall, on and from the Effective Date, become employees of the Resulting Company, 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 the Resulting Company shall be no less favourable than those on which they were engaged in the Demerged Company.
- 5.2 The Resulting Company agrees that the services of the all the employees of the Demerged Undertaking prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which such employees may be eligible and accordingly, the period of service of such employees shall be reckoned therefore from the date of their respective appointment in the Demerged Company.
- 5.3 In the event of retrenchment of the employees of the Demerged Undertaking, the Resulting Company will be liable to pay compensation in accordance with law on the basis that the services of the employees shall have been continuous and shall not have been interrupted by reason of such demerger.
- 5.4 The contributions, and all accretions thereto, in the Government provident fund account, superannuation fund, gratuity fund and other benefit funds if any, of which the employees of the Demerged Undertaking are members or beneficiaries till the Effective Date, shall, with the approval of the concerned authorities, be transferred (in such proportion as is referable to the employees of the Demerged Undertaking being transferred to the Resulting Company) to the relevant funds of the Resulting Company for the benefit of the employees of the Demerged Undertaking on terms no less favourable. In the event that the Resulting Company has its own funds in respect of any of the funds referred to above, such investments shall, subject to the necessary approvals and permissions, be transferred to the relevant funds of

the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the employees engaged in the Demerged Undertaking to the relevant funds of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the investments and contributions pertaining to the employees of the Demerged Undertaking shall be transferred to the funds created by the Resulting Company. In case, necessary approvals are not received by the Effective Date and there is delay, all such amounts shall continue to be administered by the Demerged Company in trust for the Resulting Company from the Effective Date till the date of actual transfer and, on receiving the approvals all the accumulated amounts till such date, shall be transferred to the respective funds of the Resulting Company suo moto.

- 5.5 Any disciplinary action initiated by the Demerged Company against any employee of the Demerged Undertaking shall have full force, effect and continuity as if it was initiated by the Resulting Company instead of the Demerged Company.
- 5.6 The Board of Directors of the Demerged Company and the Resulting Company may consider and approve policies for inter-company transfers within the Mastek Group of employees in the respective Companies on such terms and conditions considered fit and appropriate subject to applicable laws.
- 5.7 With effect from the first of the dates of filing of this Scheme with the High Court and up to and including the Effective Date, the Demerged Company shall not vary or modify the terms and conditions of employment of any of its said employees, except with the written consent of the Resulting Company, unless it is in the ordinary course of business. However, the terms and conditions of their employment with the Resulting Company shall be no less favourable than those on which they were engaged in the Demerged Company.

## **6. CONTRACTS, DEEDS, ETC.**

- 6.1 On the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments (including all leases, licenses and other assurances in favour of the Demerged Company or powers or authorities granted by or to it) of whatsoever nature to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, all in relation to or in connection with the Demerged Undertaking and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect in favour of, by, for or against 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 or obligor thereto or thereunder.
- 6.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Demerged Undertaking of the Demerged Company in the Resulting Company occurs by virtue of this 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, take such actions or enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of, 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 in order to give formal effect to the provisions of this Scheme. The Resulting Company shall, under the provisions 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 required for the purposes referred to above.
- 6.3 For 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 consents, permissions, certificates, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company, as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall obtain relevant approvals from the concerned Governmental Authority, as may be necessary in this behalf.
- 6.4 Even after this Scheme becomes effective, the Resulting Company shall, in its own right, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of the Demerged Undertaking in the name of the Demerged Company, in so far as may be necessary, until the transfer of rights and obligations of the Demerged Company to the Resulting Company under this Scheme is formally accepted by the parties concerned.

## **Mastek Limited**

6.5 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, in so far as it is permissible so to do, till such time as the transfer is effected.

### **7. LEGAL PROCEEDINGS**

7.1 On and from the First Appointed Date, all suits, claims, actions and legal proceedings instituted and/or arising and/or pending by or against the Demerged Company in relation to the Demerged Undertaking shall be continued and/or enforced until the Effective Date as desired by the Resulting Company and on and from the Effective Date, shall be continued and/or enforced by or against the Resulting Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or had arisen and/or were pending by or against the Resulting Company.

7.2 On and from the First Appointed Date, if any proceedings are taken by or against the Demerged Company in relation to the Demerged Undertaking, the Demerged Company shall till the Effective Date continue and/or defend the same at the cost of the Resulting Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

7.3 The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in Clause 7.1 above transferred to its name on and after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company as the case may be, to the exclusion of the Demerged Company.

7.4 Notwithstanding the above, in case the proceedings referred to in Clause 7.1 above cannot be transferred for any reason, or the transfer takes time, till such transfer the Demerged Company shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the Resulting Company shall reimburse, indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

### **8. TAXES**

8.1 All taxes (including income-tax, sales tax, excise duty, customs duty, service tax, VAT etc.) paid or payable by the Demerged Company in respect of the operations and / or the profits of the Demerged Undertaking up to the First Appointed Date, shall be on account of the Demerged Company and insofar as it relates to the tax payment (including without limitation income tax, sales tax, excise duty, custom duty, service tax, VAT etc.), whether by way of deduction at source or otherwise howsoever by the Demerged Company in respect of the profits or activities or operations of its business relating to the Demerged Undertaking after the start of business on the First Appointed Date, the same shall be deemed to be the corresponding item paid or payable by the Resulting Company and shall, in all proceedings, be dealt with accordingly.

8.2 On the Scheme becoming effective, the Demerged Company and the Resulting Company may revise their respective returns pertaining to income tax, service tax, sales tax, VAT and other tax returns, and claim refunds and/or credits including credits relating to tax deducted at source, as applicable pursuant to the provisions of this Scheme.

### **9. CONDUCT OF BUSINESS TILL EFFECTIVE DATE**

9.1 With effect from the start of business on the First Appointed Date and till the Effective Date:

(a) The Demerged Company shall carry on and shall be deemed to have carried on all its business and operations relating to the Demerged Undertaking as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Demerged Undertaking on account of, and for the benefit of, and in trust for, the Resulting Company.

(b) All the profits or incomes accruing or arising to the Demerged Company and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Demerged

Company in relation to the Demerged Undertaking shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or as the case may be, expenditure or losses (including taxes) of the Resulting Company.

- (c) Any of the rights, powers, authorities and privileges attached or related or pertaining to the Demerged Company and exercised by or available to the Demerged Company, in relation to the Demerged Undertaking shall be deemed to have been exercised by the Demerged Company for and on behalf of and as an agent for the Resulting Company. Similarly, any of the obligations, duties and commitments attached, relating or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for the Resulting Company.

9.2 With effect from the date of first filing of this Scheme with the High Court and till the Effective Date:

- (a) The Demerged Company and the Resulting Company shall preserve and carry on their respective business and activities with reasonable diligence and business prudence in the same manner as hithertofore carried on.
- (b) The Resulting Company shall not issue and allot further shares or other securities (whether by issue of rights, bonus shares, convertible debentures or otherwise) or alter its share capital by way of decrease, reduction, reclassification, sub-division or consolidation, re-organization or in any other manner except with the consent of the Board of Directors of the Demerged Company or a committee thereof.

9.3 To avoid any undue hardship to the Demerged Company or the Resulting Company on account of disruption of business post the Effective Date, the Resulting Company shall be entitled to use all the business authorizations, including licenses, contracts etc, having the name of the Demerged Company, till such authorizations are issued afresh / transferred / renewed in the name of the Resulting Company.

## 10. **SAVING OF CONCLUDED TRANSACTIONS**

Subject to the terms of this Scheme, the transfer and vesting of the Demerged Undertaking of the Demerged Company under this Scheme shall not affect any transactions or proceedings already concluded by the Demerged Company before the First Appointed Date or after the First Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things made, done and executed by the Demerged Company in relation to the Demerged Undertaking as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.

## 11. **ISSUE OF SHARES BY RESULTING COMPANY**

### 11.1 **Issue of Shares:**

11.1.1 In consideration of the transfer and vesting of the Demerged Undertaking to and in the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act, instrument or deed and without any payment, after the Effective Date, issue and allot to the members of the Demerged Company whose names appear on the Register of Members of the Demerged Company on the Record Date or to his/her/their respective heirs, executors, administrators or, as the case may be, successors, Equity Shares of the Resulting Company in the ratio of 1 Equity Share of the face value of Rs. 5/- (Rupees Five only) each fully paid-up of the Resulting Company for every 1 Equity Share of the face value of Rs.5/- (Rupees Five only) each fully paid-up of the Demerged Company held on the Record Date by the members of the Demerged Company or his / her / their respective heirs, executors, administrators or, as the case may be, successors. The new Equity Shares to be issued by the Resulting Company under this Clause are in this Scheme referred to as the “**New Equity Shares**”.

11.1.2 In this Scheme, the term “**Share Entitlement Ratio**” shall mean the ratio in which the New Equity Shares will be issued and allotted by the Resulting Company to equity shareholders of the Demerged Company under Clause 11.1.1.

11.1.3 The New Equity Shares shall be deemed to be issued and allotted at par to each member of the Demerged Company or his / her / their respective heirs, executors, administrators or, as the case may be, successors.

11.1.4 As an integral part of the Scheme, the issued, subscribed and paid-up share capital of the Resulting Company shall stand suitably increased consequent on the issue of the New Equity Shares. It is clarified that no special resolution under

## Mastek Limited

Section 62(1)(c) of the Companies Act, 2013 shall be required to be passed by the Resulting Company in a general meeting for issue of the New Equity Shares under this Scheme and on the members of the Resulting Company approving this Scheme, it shall be deemed that they have given their consent to the issue of New Equity Shares of the Resulting Company as provided in this Scheme.

### 11.2 **Issue in Dematerialized Form:**

11.2.1 All New Equity Shares to be issued and allotted under Clause 11.1.1 by the Resulting Company shall be issued in dematerialized form unless otherwise notified in writing by the shareholders of the Demerged Company to the Resulting Company on or before such date as determined by the Board of Directors of the Resulting Company or a committee thereof. In the event that such notice has not been received by the Resulting Company, the New Equity Shares shall be issued in dematerialized form as per details pertaining to their respective demat accounts furnished by the shareholders to the Demerged Company and as made available to the Resulting Company.

11.2.2 If the requisite details of the account of any shareholder with a depository participant are not recorded with the Demerged Company, such shareholder concerned will be required to provide the said details to enable the Resulting Company to allot the New Equity Shares in dematerialized form to the concerned shareholder.

11.2.3 In the event that the Resulting Company has not received the requisite demat account details, or has received notice from any of the shareholders that the New Equity Shares are to be issued in physical form, then the Resulting Company shall issue the New Equity Shares in physical form to such shareholders. Such physical shares if any shall be sent by the Resulting Company to the equity shareholders of the Demerged Company at their respective registered addresses, as appearing in the Register of Members maintained by the Demerged Company as of the Record Date with respect to their shareholders. In the case of joint shareholders, the physical share certificates shall be sent by the Resulting Company to the address of that joint shareholder whose name stands first in such register of members maintained by the Demerged Company as of the Record Date. In any case the Resulting Company shall not be responsible for any loss in transit.

### 11.3 **New Equity Shares to rank pari passu:**

11.3.1 The New Equity Shares issued and allotted in terms of this Scheme shall rank pari passu in all respects with the existing equity shares of the Resulting Company including in respect of dividends, if any, that may be declared by the Resulting Company on or after the Effective Date.

11.3.2 It is clarified that the aforesaid Clause 11.3.1 in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any member of the Resulting Company and the Demerged Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the Resulting Company and the Demerged Company and subject to the approval of the shareholders of the Resulting Company and the Demerged Company.

### 11.4 **New Equity Shares to be kept in abeyance:**

In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of Equity Shares in the Demerged Company, after the effectiveness of this Scheme.

### 11.5 **New Equity Shares subject to Memorandum and Articles of Association of the Resulting Company:**

The New Equity Shares issued and allotted by the Resulting Company in terms of this Scheme shall be subject to the provisions of the Act and the terms applicable thereto under the Memorandum and Articles of Association of the Resulting Company.

### 11.6 **Listing:**

11.6.1 The New Equity Shares issued by the Resulting Company will be listed and/or admitted to trading on the Stock Exchanges where the shares of the Demerged Company are listed and/or admitted to trading and all necessary applications will be made in this aspect by the Resulting Company.



11.6.2 The New Equity Shares allotted by the Resulting Company pursuant to the Scheme, shall remain frozen in dematerialized form for listing and trading on respective Stock Exchanges pending permissions for the same from the respective Stock Exchanges.

11.6.3 There shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date and the listing which may affect the status of approvals received from the Stock Exchange respectively.

**11.7 Resulting Company to obtain necessary approvals:**

The Resulting Company shall, if and to the extent required, apply for and obtain the required statutory approvals of the concerned Governmental Authority for the issue and allotment of the New Equity Shares.

**11.8 Increase in the Authorised Share Capital of the Resulting Company**

11.8.1 With effect from the First Appointed Date and upon the Scheme becoming effective, the authorized share capital of the Resulting Company shall be increased from the present authorized share capital of Rs. 5,00,000 divided into 50,000 equity shares of Rs. 10 each to Rs. 15,00,00,000 divided into 3,00,00,000 equity shares of Rs. 5 each.

11.8.2 The capital clause V of the Memorandum of Association of the Resulting Company shall, with effect from the First Appointed Date and upon the Scheme becoming effective and without any further act, deed, matter or thing be replaced by the following clause:

“The Authorised Share Capital of the Company is Rs. 15,00,00,000 (Rupees Fifteen Crores only) divided into 3,00,00,000 (Three Crore only) equity shares of Rs. 5 (Rupees Five only) each. The minimum paid up capital of the Company is Rs. 5,00,000.”

11.8.3 Article 4 of the Articles of Association of the Resulting Company shall, with effect from the First Appointed Date and upon the Scheme becoming effective and without any further act, deed, matter or thing be replaced by the following clause:

“The Authorised Share Capital of the Company is 15,00,00,000 (Rupees Fifteen Crores only) divided into 3,00,00,000 (Three Crore only) equity shares of Rs. 5 (Rupees Five only) each and with power to the Company to increase, reduce or modify the capital and to divide all or any of the share capital in the Company, for the time being and to classify and re-classify such shares from shares of one class to other class or classes and attach thereto and respectively such preferential, deferred, qualified or other special rights, privileges, conditions, or restrictions as may be determined by the Company in accordance with the Articles of Association of the Company to vary, modify or abrogate any such rights, privileges, conditions or restrictions, in such manner, by such persons, as may, for the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions for the time being in force in that behalf.”

11.8.4 The Resulting Company shall pay the requisite fees and make necessary filings for registration of the increase in the authorized share capital of the Resulting Company.

11.8.5 The approval of the Scheme by the shareholders of the Resulting Company, shall be deemed to be the due compliance of all other relevant and applicable provisions of the Act to give effect to the increase in authorized capital as contemplated in Clause 11.8.1 and consequent amendments to the Memorandum of Association and Articles of Association of the Resulting Company as mentioned above

**12. CANCELLATION OF SHARES HELD BY DEMERGED COMPANY IN THE RESULTING COMPANY**

12.1 Upon the scheme being effective, the investment held by the Demerged Company in the equity share capital of the Resulting Company shall, without any application or deed, stand cancelled without any payment/ consideration and accordingly, the share capital of the Resulting Company shall stand reduced to the extent of face value of shares held by the Demerged Company as on the Effective Date.

12.2 Such reduction of share capital of the Resulting Company as provided in Clause 12.1 above, shall be effected as a part of the Scheme on the Effective Date, upon which the share capital of the Resulting Company shall be deemed to be reduced and the orders of the High Court sanctioning the Scheme shall be deemed to be an order under Sections 100 to 103 of the Act confirming such reduction of share capital of the Resulting Company.

12.3 The reduction would not involve a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable.

## Mastek Limited

12.4 Notwithstanding the reduction of issued subscribed & paid-up equity share capital of the Resulting Company, it shall not be required to add the words "And Reduced" as suffix to its name.

### **13. REMAINING UNDERTAKING OF THE DEMERGED COMPANY**

13.1 The Remaining Undertaking of the Demerged Company including all the properties and assets, investments in all subsidiaries including overseas subsidiaries, debts, liabilities and obligations of the Demerged Company, which do not form part of the Demerged Undertaking shall continue to belong to and remain vested in the Demerged Company subject however to the provisions of the Scheme with respect to the release of (a) the properties and assets comprised in the Demerged Undertaking from the encumbrances created thereon to secure the debts, loans, liabilities and obligations of the Demerged Company in relation to the Remaining Undertaking of the Demerged Company, which are not transferred to the Resulting Company pursuant to this Scheme; and (b) the properties and assets comprised in the Remaining Undertaking of the Demerged Company from the encumbrances created thereon to secure the debts, loans, liabilities and obligations of the Demerged Company in relation to the Demerged Undertaking which are transferred to the Resulting Company pursuant to this Scheme.

13.2 If proceedings are taken against the Resulting Company in respect of the Remaining Undertaking of the Demerged Company, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.

13.3 All taxes including income tax, central sales tax, excise duty, custom duty, service tax, VAT, and the like paid or payable by the Demerged Company in respect of the operations and/ or the profits of the Demerged Undertaking before the First Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, custom duty, service tax, VAT, etc.), whether by way of deduction at source, or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Demerged Undertaking after the First Appointed Date, the same shall be on account of the Resulting Company and be deemed to be corresponding item paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.

13.4 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company are expressly permitted to revise their income tax returns, services tax returns, sales tax returns and other tax returns, and to claim refunds and/ or credits, etc. pursuant to the provisions of the Scheme.

13.5 The Demerged Company shall carry on its business and activities pertaining to the Remaining Undertaking of the Demerged Company in the ordinary course and nothing herein contained shall affect the business and activities of the Demerged Company in relation to the Remaining Undertaking of the Demerged Company.

13.6 All assets and properties acquired by the Demerged Company at any time including on and after the start of business on the First Appointed Date shall, to the extent that the same do not relate to the Demerged Undertaking, form part of the Remaining Undertaking of the Demerged Company.

13.7 All liabilities, debts and obligations incurred by or arising against the Demerged Company at any time including on and after the start of business on the First Appointed Date shall, to the extent that the same do not relate to the Demerged Undertaking, form part of the Remaining Undertaking of the Demerged Company.

### **14. ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY**

14.1 With effect from the Appointed Date, the Resulting Company shall record the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in it pursuant to this Scheme at the respective book values as appearing in the books of the Demerged Company as on the First Appointed Date.

14.2 The Resulting Company shall record by way of a credit to the Share Capital Account in its books of account, the aggregate face value of the New Equity Shares issued and allotted under the Scheme by it to the shareholders of the Demerged Company pursuant to Clause 11.1.1 of this Scheme.

14.3 Inter-company investments, deposits/ loans and advances/ balances, if any, pertaining to the Demerged Undertaking, will be cancelled.

14.4 The difference being excess of net assets (assets minus liabilities) recorded by the Resulting Company over the amount

credited as share capital, after adjusting for Para 14.3 above will be credited to General Reserve Account. In case of there being a deficit, the same shall be debited to Goodwill Account.

- 14.5 If considered appropriate for the purpose of application of uniform accounting methods and policies between the Demerged Company and the Resulting Company, the same would be recorded as per the practices followed by the Resulting Company and resultant Goodwill/ General Reserve will be adjusted accordingly;
- 14.6 The Resulting Company shall determine and recognize the deferred tax assets and the deferred tax liabilities as on the First Appointed Date based on the assets and liabilities of the Demerged Undertaking and adjust the same against Goodwill/ General Reserve as the case may be.

#### **15. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY**

- 15.1 On the Scheme becoming effective, the Demerged Company shall, with effect from the First Appointed Date, reduce the book value of all the assets and liabilities comprised in the Demerged Undertaking transferred to the Resulting Company.
- 15.2 The book values, as on the First Appointed Date, of net assets (assets minus liabilities) comprised in the Demerged Undertaking transferred to the Resulting Company shall be adjusted against the following, in the order specified:
- (i) Capital Reserve Account;
  - (ii) General Reserve; and the balance, if any against
  - (iii) Profit and Loss Account.

#### **16 EMPLOYEE STOCK OPTION PLAN**

- 16.1 Upon the coming into effect of the Scheme, the Resulting Company shall formulate new employee stock option scheme/ (s) by adopting the Existing Stock Option Schemes of the Demerged Company, as modified in accordance with the variations mentioned in this Clause 16.
- 16.2 With respect to the stock options granted by the Demerged Company to the employees of the Demerged Company or its subsidiaries (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company or its subsidiaries pursuant to this Scheme) under the Existing Stock Option Schemes; and upon the Scheme becoming effective, the said employees shall be issued one stock option by the Resulting Company under the new scheme(s) for every stock option held in the Demerged Company, whether the same are vested or not on terms and conditions similar to the relevant Existing Stock Option Schemes.
- 16.3 The stock options granted by the Demerged Company under the relevant Existing Stock Option Schemes would continue to be held by the employees concerned (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company or its subsidiaries). Upon coming into effect of the Scheme, the Demerged Company shall take necessary steps to modify the Existing Stock Option Schemes in a manner considered appropriate and in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in order to enable the continuance of the same in the hands of the employees who become employees of the Resulting Company or its subsidiaries, subject to the approval of the Stock Exchange and the relevant regulatory authorities, if any under applicable law.
- 16.4 The existing exercise price of the stock options of the Demerged Company shall be modified consequent to which the exercise price of the stock options of the Demerged Company shall stand adjusted to 37% of the exercise price; and the balance of the exercise price shall become the exercise price of the stock options issued by the Resulting Company.
- 16.5 While granting stock options, the Resulting Company shall take into account the period during which the employees held stock options granted by the Demerged Company prior to the issuance of the stock options by the Resulting Company, for determining of minimum vesting period required for stock options granted by the Resulting Company, subject to applicable laws.
- 16.6 The Demerged Company as well as the Resulting Company shall reimburse each other for cost debited to the Profit & Loss account or any suspense / subsidy account, subsequent to the First Appointed Date, in relation to stock options issued to employees of the other company or its subsidiaries.

## **Mastek Limited**

- 16.7 Approval granted to the Scheme by the shareholders of the Demerged Company and the Resulting Company shall also be deemed to be approval granted to any modifications made to the Existing Stock Option Schemes of the Demerged Company and approval granted to the new employee stock option scheme to be adopted by the Resulting Company, respectively. The variations in the Existing Stock Option Schemes of the Demerged Company mentioned in this Clause 16, have been approved by the Compensation Committee of the Demerged Company in accordance with the Existing Stock Option Schemes.
- 16.8 The variations to the Existing Stock Option Schemes made pursuant to this Clause 16 are not detrimental or prejudicial to the interests of the concerned employees.
- 16.9 The salient features of the Existing Stock Option Scheme of the Demerged Company, as modified in accordance with the variations mentioned in this Clause 16, are set out in Schedule I hereto. The salient features of the employee stock option scheme to be adopted by the Resulting Company are set out in Schedule II hereto.

### **PART III**

#### **TRANSFER OF OFFSHORE INSURANCE OPERATIONS BY WAY OF SLUMP SALE TO MSS IPL**

#### **17. TRANSFER OF OFFSHORE INSURANCE OPERATIONS**

- 17.1 For the purposes of this Part III “after giving effect to Part II of the Scheme” will be determined mutually by the Board of Directors.
- 17.2 With effect from the Second Appointed Date and after giving effect to Part II of the Scheme, the Offshore Insurance Operations, as defined in Clause 1.16 shall stand transferred to and vested into MSS IPL, which shall be deemed to have acquired the Offshore Insurance Operations from MCL, as a going concern on a ‘Slump Sale’ basis, without any further deed or act, together with all its assets, properties, liabilities, rights, benefits and interests therein, subject to existing charges if any, thereon. The transfer of the Offshore Insurance Operations under this Scheme shall be in compliance with the Income-tax Act, specifically Section 2(42C), and other relevant sections as may be applicable.
- 17.3 After the Effective Date, the Offshore Insurance Operations of MCL would be transferred to MSS IPL and the same would have been deemed to have been sold on the Second Appointed Date, after giving effect to Part II of the Scheme.
- 17.4 Without limiting the generality of the foregoing, upon the Scheme becoming effective, and with effect from the Second Appointed Date after giving effect to Part II of the Scheme;
- (a) The undertaking and properties, as aforesaid, of the Offshore Insurance Operations, shall, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to and vested in and/or deemed to be transferred to and vested in MSS IPL so as to vest in MSS IPL all the rights, title and interest of the MCL therein, save and except the movable assets of the Offshore Insurance Operations, which will be transferred in the manner provided in sub-clause (b) below.
  - (b) All the moveable assets, including cash in hand, if any, of MCL pertaining or relating to the Offshore Insurance Operations, capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed and delivered, as the case may be, to MSS IPL to the end and intent that the property therein passes to MSS IPL, on such delivery or endorsement and delivery. Such delivery and transfer shall be made on a date mutually agreed upon between the Board of Directors of MCL and the Board of Directors of MSS IPL.
  - (c) In respect of movables other than those specified in sub-clause (b) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, MCL shall give notice in such form as it may deem fit and proper to each person, debtor or depositee that pursuant to the High Court having sanctioned the Scheme under Sections 391 to 394 and all other applicable provisions, if any, of the Act, the said debt, loan, advance or deposit be paid to or made good to or held on account of MSS IPL and that the right of MCL to recover or realise the same stands extinguished.
  - (d) With effect from the Second Appointed Date, after giving effect to Part II of the Scheme, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of MCL relating to the Offshore

Insurance Operations including secured and unsecured loans and the current liabilities shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to and/or deemed to be transferred to MSS IPL so as to become as from the Second Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of MSS IPL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

- 17.5 The transfer and vesting as aforesaid shall be subject to subsisting charges, if any, in respect of any assets forming part of the Offshore Insurance Operations.
- 17.6 With effect from the Second Appointed Date and upon the Scheme becoming effective, and after giving effect to Part II of the Scheme any statutory licences, permissions or approvals or consents held by MCL required to carry on operations in the Offshore Insurance Operations shall stand vested in or transferred to MSS IPL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of MSS IPL. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licences, and consents shall vest in and become available to MSS IPL pursuant to the Scheme. In so far as the various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by MCL relating to the Offshore Insurance Operations, are concerned, the same shall vest with and be available to MSS IPL on the same terms and conditions.
- 17.7 The concerned statutory or other authorities and licensors shall endorse and/or mutate or record the separation, make entry in their records and/or upon the relevant document itself so as to give effect to this Scheme in order to facilitate the continuation of operations of the Offshore Insurance Operations in MCL, without any hindrance, from the Effective Date.
- 17.8 MSS IPL shall be entitled to the benefit of all pre-qualification, track-record, experience, goodwill and all other rights, claims and powers of whatsoever nature and wheresoever situate belonging to or in the possession of or granted in favour of or enjoyed by MCL in connection with or pertaining or relatable to the Offshore Insurance Operations for all intents and purposes and specifically including but not limited to the track-record and experience of having undertaken, performed and/or executed the business and/or orders by the Offshore Insurance Operations from the commencement of its business.

## **18 EMPLOYEES, STAFF AND WORKMEN**

- 18.1 All employees, staff and workmen of MCL engaged in or in relation to the Offshore Insurance Operations who are in employment on the date immediately preceding the Effective Date, shall, on and from the Effective Date, after giving effect to Part II of the Scheme, become employees of MSS IPL, 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 MSS IPL shall be no less favourable than those on which they are engaged in MCL.
- 18.2 MSS IPL agrees that the services of the all the employees of the Offshore Insurance Operations prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which such employees may be eligible and accordingly, the period of service of such employees shall be reckoned therefore from the date of their respective appointment in MCL.
- 18.3 In the event of retrenchment of the employees of the Offshore Insurance Operations, MSS IPL will be liable to pay compensation in accordance with law on the basis that the services of the employees shall have been continuous and shall not have been interrupted by reason of such slump sale.
- 18.4 The contributions, and all accretions thereto, in the Government provident fund account, superannuation fund, gratuity fund and other benefit funds if any, of which the such employees are members or beneficiaries till the Effective Date, shall, with the approval of the concerned authorities and after giving effect to Part II of the Scheme, be transferred (in such proportion as is referable to the employees of the Offshore Insurance Operations being transferred to MSS IPL) to the relevant funds of MSS IPL for the benefit of the employees of the Offshore Insurance Operations on terms no less favourable. In the event that MSS IPL has its own funds in respect of any of the funds referred to above, such investments shall, subject to the necessary approvals and permissions, be transferred to the relevant funds. In the event that MSS IPL

## Mastek Limited

does not have its own fund in respect of any of the aforesaid matters, MSS IPL may, subject to necessary approvals and permissions, continue to contribute in respect of the employees engaged in the Offshore Insurance Operations to the existing funds, until such time that MSS IPL creates its own fund, at which time the investments and contributions pertaining to the employees of the Offshore Insurance Operations shall be transferred to the funds created by MSS IPL. In case, necessary approvals are not received after giving effect to Part II of the Scheme and there is delay, all such amounts shall continue to be administered by MCL in trust for MSS IPL from the Effective Date till the date of actual transfer and, on receiving the approvals all the accumulated amounts till such date, shall be transferred to the respective funds of MSS IPL suo moto.

- 18.5 Any disciplinary action initiated by MCL against any employee of the Offshore Insurance Operations shall have full force, effect and continuity as if it was initiated by MSS IPL instead of MCL.
- 18.6 The Board of Directors of MCL and MSS IPL may consider and approve policies for inter-company transfers within the Mastek Group of employees in the respective companies on such terms and conditions considered fit and appropriate subject to applicable laws.
- 18.7 With effect from the first of the dates of filing of this Scheme with the High Court and up to and including the Effective Date, MCL shall not vary or modify the terms and conditions of employment of any of its said employees, except with the written consent of MSS IPL, unless it is in the ordinary course of business. However, the terms and conditions of their employment with MSS IPL shall be no less favourable than those on which they were engaged in MCL.

### 19 **CONTRACTS AND DEEDS**

- 19.1 On the coming into effect of this Scheme, after giving effect to Part II of the Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments (including all leases, licenses and other assurances in favour of MCL or powers or authorities granted by or to it) of whatsoever nature to which MCL is a party or to the benefit of which MCL may be eligible, all in relation to or in connection with the Offshore Insurance Operations and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect in favour of, by, for or against MSS IPL and may be enforced as fully and effectually as if, instead of MCL, MSS IPL had been a party or beneficiary or obligee or obligor thereto or thereunder.
- 19.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Offshore Insurance Operations of MCL in MSS IPL occurs by virtue of this Scheme itself, MSS IPL may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, after giving effect to Part II of the Scheme, if so required, under any law or otherwise, take such actions or enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of, any party to any contract or arrangement to which MCL is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of this Scheme. MSS IPL shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of MCL and to carry out or perform all such formalities or compliances required for the purposes referred to above.
- 19.3 For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme and after giving effect to Part II of the Scheme, all consents, permissions, certificates, authorities, powers of attorney given by, issued to or executed in favour of MCL in relation to the Offshore Insurance Operations shall stand transferred to MSS IPL, as if the same were originally given by, issued to or executed in favour of MSS IPL, and MSS IPL shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to MSS IPL. MSS IPL shall obtain relevant approvals from the concerned Governmental Authority, as may be necessary in this behalf.
- 19.4 Even after this Scheme becomes effective, MSS IPL shall, in its own right, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of the Offshore Insurance Operations in the name of MCL, in so far as may be necessary, until the transfer of rights and obligations of MCL to MSS IPL under this Scheme is formally accepted by the parties concerned.
- 19.5 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Offshore Insurance Operations which MCL owns or to which MCL is a party, cannot be transferred to MSS IPL for any reason whatsoever, MCL shall hold such assets, contracts,

deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of MSS IPL, in so far as it is permissible so to do, till such time as the transfer is effected.

## **20 LEGAL PROCEEDINGS**

- 20.1 On and from the Second Appointed Date, all suits, claims, actions and legal proceedings instituted and/or arising and/or pending by or against MCL in relation to the Offshore Insurance Operations shall be continued and/or enforced until the Effective Date as desired by MSS IPL and on and from the Effective Date, after giving effect to part II of the Scheme, shall be continued and/or enforced by or against MSS IPL as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or had arisen and/or were pending by or against MSS IPL.
- 20.2 On and from the Second Appointed Date, if any proceedings are taken by or against MCL in relation to the Offshore Insurance Operations, MCL shall till the Effective Date continue and/or defend the same at the cost of MSS IPL, and MSS IPL shall reimburse and indemnify MCL against all liabilities and obligations incurred by MCL in respect thereof.
- 20.3 The Transferee Company undertakes to have all legal or other proceedings initiated by or against MCL referred to in Clause 20.1 above transferred to its name on and after the Effective Date, after giving effect to Part II of the Scheme and to have the same continued, prosecuted and enforced by or against MSS IPL as the case may be, to the exclusion of MCL.
- 20.4 Notwithstanding the above, in case the proceedings referred to in Clause 20.1 above cannot be transferred for any reason, or the transfer takes time, till such transfer MCL shall defend the same in accordance with the advice of MSS IPL and at the cost of MSS IPL, and MSS IPL shall reimburse, indemnify and hold harmless MCL against all liabilities and obligations incurred by MCL in respect thereof.

## **21. TAXES**

- 21.1 All taxes (including income-tax, sales tax, excise duty, customs duty, service tax, VAT etc.) paid or payable by MCL in respect of the operations and / or the profits of the Offshore Insurance Operations upto the Second Appointed Date, shall be on account of MCL and insofar as it relates to the tax payment (including without limitation income tax, sales tax, excise duty, custom duty, service tax, VAT etc.), whether by way of deduction at source or otherwise howsoever by MCL in respect of the profits or activities or operations of its business relating to the Offshore Insurance Operations after the start of business on the Second Appointed Date, the same shall be deemed to be the corresponding item paid or payable by MSS IPL and shall, in all proceedings, be dealt with accordingly.
- 21.2 On the Scheme becoming effective and after giving effect to Part II of the Scheme, MCL and MSS IPL may revise their respective returns pertaining to income tax, service tax, sales tax, VAT and other tax returns, and claim refunds and/or credits, including credits for tax deducted at source, as applicable pursuant to the provisions of this Scheme.

## **22. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE**

- 22.1 With effect from the start of business on the Second Appointed Date and till the Effective Date, MCL, shall upon vesting of the Demerged Undertaking from the Demerged Company and pending such vesting, the Demerged Company:
- (a) shall carry on and shall be deemed to have carried on all its business and operations relating to the Offshore Insurance Operations as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Offshore Insurance Operations on account of, and for the benefit of, and in trust for, MSS IPL.
  - (b) All the profits or incomes accruing or arising and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) in relation to the Offshore Insurance Operations shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or as the case may be, expenditure or losses (including taxes) of the Offshore Insurance Operations.
  - (c) Any of the rights, powers, authorities and privileges attached or related or pertaining exercised by or available in relation to the Offshore Insurance Operations shall be deemed to have been exercised for and on behalf of and as an agent for MSS IPL. Similarly, any of the obligations, duties and commitments attached, relating or pertaining to the Offshore Insurance Operations that have been undertaken or discharged shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for MSS IPL.

## **Mastek Limited**

### **23 SAVING OF CONCLUDED TRANSACTIONS**

23.1 Subject to the terms of this Scheme, the transfer and vesting of the Offshore Insurance Operations under this Scheme shall not affect any transactions or proceedings already concluded before the Second Appointed Date or after the Second Appointed Date till the Effective Date, to the end and intent that MSS IPL accepts and adopts all acts, deeds and things made, done and executed by Mastek / MCL in relation to the Offshore Insurance Operations as acts, deeds and things made, done and executed by or on behalf of MSS IPL.

### **24 CONSIDERATION**

24.1 The consideration for the transfer of the Offshore Insurance Operations would be equal to Rs. 22 Crs (Rupees Twenty Two Crores only).

24.2 The consideration would be discharged by MSS IPL by cheque within a period of 30 days of filing the High Court order with the Registrar of Companies.

### **25. REMAINING UNDERTAKING OF MCL**

25.1 The Remaining Undertaking of MCL including all the properties and assets, investments including investments in overseas subsidiaries, debts, liabilities and obligations of MCL, which do not form part of the Offshore Insurance Operations shall continue to belong to and remain vested in MCL subject however to the provisions of the Scheme with respect to the release of (a) the properties and assets comprised in the Offshore Insurance Operations from the encumbrances created thereon to secure the debts, loans, liabilities and obligations of MCL in relation to the Remaining Undertaking of MCL, which are not transferred to MSS IPL pursuant to this Scheme; and (b) the properties and assets comprised in the Remaining Undertaking of MCL from the encumbrances created thereon to secure the debts, loans, liabilities and obligations of MCL in relation to the Offshore Insurance Operations which are transferred to MSS IPL pursuant to this Scheme.

25.2 If proceedings are taken against MSS IPL in respect of the Remaining Undertaking of MCL, it shall defend the same in accordance with the advice of MCL and at the cost of MCL, and the latter shall reimburse and indemnify MSS IPL against all liabilities and obligations incurred by MSS IPL in respect thereof.

25.3 All taxes including income tax, central sales tax, excise duty, custom duty, service tax, VAT, and the like paid or payable by MCL in respect of the operations and/ or the profits of MCL before the Second Appointed Date, shall be on account of MCL and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, custom duty, service tax, VAT, etc.), whether by way of deduction at source, or otherwise howsoever, by MCL in respect of the profits or activities or operation of the Offshore Insurance Operations after the Second Appointed Date, the same shall be on account of MSS IPL and be deemed to be corresponding item paid by MSS IPL and shall, in all proceedings, be dealt with accordingly.

25.4 Upon the Scheme becoming effective, MCL and MSS IPL are expressly permitted to revise their income tax returns, services tax returns, sales tax returns and other tax returns, and to claim refunds and/ or credits, etc. pursuant to the provisions of the Scheme.

25.5 MCL shall carry on its business and activities pertaining to the Remaining Undertaking of MCL in the ordinary course and nothing herein contained shall affect the business and activities of MCL in relation to the Remaining Undertaking of MCL.

25.6 All assets and properties acquired by MCL at any time including on and after the start of business on the Second Appointed Date shall, to the extent that the same do not relate to the Offshore Insurance Operations, form part of the Remaining Undertaking of MCL.

25.7 All liabilities, debts and obligations incurred by or arising against MCL at any time including on and after the start of business on the Second Appointed Date shall, to the extent that the same do not relate to the Offshore Insurance Operations, form part of the Remaining Undertaking of MCL.

### **26. ACCOUNTING TREATMENT IN THE BOOKS OF MSS IPL**

26.1 As on the Second Appointed Date, MSS IPL shall allocate the consideration paid by it amongst the assets and liabilities of the Offshore Insurance Operations transferred by MCL to MSS IPL.

26.2 The Board of Directors of MSS IPL shall have the powers to determine the allocation of the consideration paid by it amongst the assets and liabilities of the Offshore Insurance Operations transferred by MCL to MSS IPL.



- 26.3 Subsequent to the accounting carried out as per clause 26.1 above, MSS IPL shall record the difference, if any, between the consideration paid as per clause 24.1 above and the amount allocated to such net assets (assets minus liabilities) taken over, in Goodwill Account.
- 26.4 In case of difference in the accounting policies between MCL and MSS IPL, the impact of such difference shall be quantified and adjusted to the Profit and Loss Account of MSS IPL to ensure that the true financial statements of MSS IPL as on the Second Appointed Date are prepared on the basis of a consistent accounting policy.

## **27 ACCOUNTING TREATMENT IN THE BOOKS OF MCL**

- 27.1 Upon the Scheme becoming effective, MCL shall reduce the book value of assets and liabilities pertaining to the Offshore Insurance Operations transferred to MSS IPL.
- 27.2 The surplus or deficit if any, arising out of the difference between the book value of the assets and liabilities of the Offshore Insurance Operations transferred to MSS IPL and the consideration received by MCL in lieu of such transfer shall be credited/ debited in its Profit and Loss Account.

## **PART IV**

### **GENERAL TERMS AND CONDITIONS**

## **28 APPROVALS**

- 28.1 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require to own and operate the Demerged Undertaking to be transferred to it under this Scheme.
- 28.2 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to own and operate the Offshore Insurance Operations to be transferred to them under this Scheme.

## **29 ADMINISTRATIVE CONVENIENCE**

- 29.1 Notwithstanding anything contained in other clauses of this Scheme, the Demerged Company, MCL, and the Transferee Company, shall enter into such documents, agreements, make applications to various authorities, regulatory bodies to facilitate the uninterrupted transitions of the business from the Demerged Company to MCL, or the Transferee Company, as the case may be.
- 29.2 Notwithstanding anything contained in other clauses of this Scheme but in accordance with the Act and other applicable laws, the Demerged Company, MCL, and the Transferee Company, shall enter into such documents, agreements, arrangements and make applications to various authorities, regulatory bodies to facilitate the sharing of, inter alia any common services, employees, intellectual properties and other assets (whether moveable or immoveable).

## **30 MODIFICATION OF SCHEME**

- 30.1 Each of the Demerged Company, Resulting Company and the Transferee Company by their respective Boards of Directors or any committee thereof or any Director authorised in that behalf (hereinafter referred to as the "Delegate") may assent to, or make, from time to time, any modifications or amendments or additions to this Scheme which the High Court or any authorities under law may deem fit to approve of or impose and which the Companies may in their discretion accept, or such modifications or amendments or additions as the Companies or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise for carrying out this Scheme and as approved by the High Court, and the Companies by their respective Boards of Directors or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect. In the event that any conditions may be imposed by the High Court or any authorities, which the Companies find unacceptable for any reason, then the Companies shall be at liberty to withdraw the Scheme. The aforesaid powers of the Companies may be exercised by the Delegate of the respective Companies.

## **Mastek Limited**

30.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegates (acting jointly) of the Companies may give and are authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

### **31 FILING OF APPLICATIONS**

31.1 Each of the Companies shall with all reasonable dispatch, make and file all applications/petitions under Sections 391 and 394 and other applicable provisions of the Act before the respective High Court for sanction of this Scheme and each of the Companies shall obtain all approvals as may be required under law.

### **32 CONDITIONALITY OF SCHEME**

32.1 This Scheme is conditional upon and subject to:

- (i) The Scheme being approved by the requisite majority of the members and/or creditors of the Companies and/or by such other persons as may be required under the Act and as directed by the High Court;
- (ii) The requisite sanctions and approvals of any Governmental Authority including Stock Exchange and Securities and Exchange Board of India, as may be required by law, in respect of the Scheme being obtained; and
- (iii) The sanction of this Scheme by the High Court and copies of the Orders of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra and the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.

### **33 EFFECT OF NON-RECEIPT OF APPROVALS/ SANCTIONS**

33.1 In the event of the Scheme not being sanctioned by the High Court and/or the order or orders not being passed by 31<sup>st</sup> December, 2015, or by such later date as may be agreed by the respective Boards of Directors of the Companies, the Scheme shall become fully null and void and in that even no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such event, each party shall bear and pay its respective costs, charges and expenses for and/ or in connection with the Scheme.

### **34 CHANGE OF NAME**

34.1 Upon the Scheme becoming effective, name of the Resulting Company shall be changed to "MAJESCO LIMITED" or such other name as may be decided by the Board of Directors or a committee thereof and approved by the concerned Registrar of Companies. Further, the name of "Minefields Computers Limited", wherever it occurs in its Memorandum and Articles will be substituted by such name.

34.2 The approval of the Scheme by the shareholders of the Resulting Company and the High Court shall be deemed to be the due compliance of the provisions of Section 4 and Section 13 of the Companies Act, 2013 and other relevant and applicable provisions of the Act.

### **35 SEVERABILITY**

35.1 Each Section of the Scheme shall be given effect to as per the chronology in which it has been provided for in the Scheme. Each part in each Section is independent of each Section and is severable. However, failure of any one part of one Section for lack of necessary approval from the shareholders / creditors / statutory regulatory authorities or for any other reason that the Board of Directors may deem fit than this shall not result in the whole Scheme failing. It shall be open to the concerned Board of Directors to consent to sever such part(s) of the Scheme and implement the rest of the Scheme with such modification.

### **36 COSTS, CHARGES AND EXPENSES**

36.1 All costs, charges, and all expenses of Mastek, MCL and MSS IPL arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne and paid as may be mutually decided by the Board of Directors of the respective Companies.

Schedule IMODIFIED EXISTING STOCK OPTION SCHEME OF THE DEMERGED COMPANYEMPLOYEE STOCK OPTION SCHEME OF MASTEK LIMITEDPLAN VII

(Scheme of Stock Options for Employees)

Table of Contents

	<u>Page no.</u>
• <b>Part – A</b>	
<b>General Information about Company</b> .....	59-61
• <b>Part – B</b>	
<b>The salient features of the Scheme:-</b>	
1. Introduction .....	61
2. Objectives of the Scheme .....	61
3. Plan of the Scheme .....	61
4. Definitions .....	61-64
5. Eligibility of Employees .....	64
6. Grant of options and their Vesting .....	64
7. Exercise Price .....	64
8. Exercise of Option .....	64-65
9. Failure to Exercise Option .....	65
10. Terms and Conditions of the Shares .....	65
11. Non-Transferability of Options .....	65
12. Termination of Relationship as an Employee.....	65-66
13. Administration of the scheme .....	66-67
14. Amendment and Termination of the scheme .....	67
15. General .....	67-68
16. Interpretation of the Scheme and Other aspects .....	68
17. Confidentiality .....	68
18. Statutory Disclosures .....	68
19. Disclosures and Accounting Policies .....	68
20. Abridged Financial Information .....	69-70

**Part- A (General Information about Company)****Statement of Risks**

All investments in shares or options on shares are subject to risk as the value of shares may go down or go up. In addition, employee stock options are subject to the following additional risks:

## Mastek Limited

1. **Concentration:** The risk arising out of any fall in value of shares is aggravated if the Employee's holding is concentrated in the shares of a single company.
2. **Leverage:** Any change in the value of the Share can lead to a significantly larger change in the value of the Option as an Option amounts to a levered position in the Share.
3. **Illiquidity:** The Options cannot be transferred to anybody, and therefore the Employees cannot mitigate their risks by selling the whole or part of their Options before they are Exercised.
4. **Vesting:** The Options will lapse as per the terms of this Scheme if the employment is terminated prior to Vesting. Even after the Options are Vested, the unexercised Options may be forfeited as per the terms of this Scheme if the Employee is terminated for gross misconduct.

### 1. Business of the company

Mastek Limited (the “Company” or “Mastek”) was incorporated in 1982, with the mission of supporting customers leverage information technology for significant business advantage. Mastek is one of the leaders in delivering large, strategic application solutions to Fortune 100 organizations and governments across the globe. With advanced Enterprise Architecture capabilities and CMM level 5 software engineering disciplines , the Company delivers high quality , well integrated enterprise class application solutions on-time, every time.

2. **Abridged financial information:** Abridged financial information for the last five years for which audited financial information is available in a format similar to that required under item B(1) of Part II of Schedule II of the Companies Act is annexed to this Scheme.
3. **Risk Factors:** Management perception of the risk factors of the Company.

### Risks and Concerns

1. **Growth management:** The Company is implementing its strategy for business growth and revenue expansion across multiple geographies and markets. Given the competitive environment and the challenges of attracting and retaining talent, any inability to manage growth in chosen geographies might have an adverse impact on the Company's performance.
2. **Macro-economic factors:** The Company is engaged with customers in Europe, North America, Asia-Pacific region, and India. Due to the global nature of its operations, the Company's performance is influenced by macro-economic factors such as economic cycles in its various markets and volatility in foreign currency exchange rates.
3. **Potential fluctuations in operating matrices:** The Company's focus is on vertical enterprise applications, which is a high-end, solutions-driven market. The Company's success in delivering healthy operating matrices such as revenue growth, margins expansion, employee and resource productivity, and earnings enhancement are subject to many factors that include the ability to execute projects, win new project orders, and effectively deploy capital and other resources.
4. **Risks related to tax concessions:** The Company operates within a sector that enjoys favourable government policies that include tax benefits, and any shift in these policies can have an impact on the Company's business.
5. **International operations risk:** In view of the Company's operating presence in multiple countries, any inability on part of the Company or its employees to comply with international laws and contractual obligations can have an impact on overall performance. The Company does train its employees on compliance related issues to mitigate such risks.
6. **Client risks:** The Company is pursuing a strategy of developing strong, in-depth relationships with its clients, thus creating a number of strategic accounts that can then be further grown. At the same time, any shift in customer preferences, priorities, and internal strategies can have an adverse impact on the Company's operations and outlook.
7. **Technological risks:** Mastek is a player in the higher-end vertical enterprise applications market, where access to intellectual property and capabilities in cutting-edge technology are key enablers of longer term success. Any significant barriers in the Company's ability to develop and/or align and adapt to new technologies can have an

adverse impact on overall operations.

8. **Contract and delivery related disputes:** The Company's operating performance is subject to risks associated with factors that may be beyond its control, such as the termination or modification of contracts and non-fulfillment of contractual obligations by clients due to their own financial difficulties or changed priorities or other reasons. The Company does have mechanisms in place to try and prevent such situations, as well as insurance cover as necessary.
  9. **Competition:** The IT services and solutions market is highly competitive, with several players based in India and elsewhere. While the Company has strong domain expertise, robust delivery capabilities, and significant project experience, there is no guarantee that it will always get the better of competition.
  10. **Dependence on key personnel:** The Company has one of the best management teams in the industry, and this has been a critical enabler of its operating success. Any loss of personnel through attrition or other means may have an impact on the Company's performance. Mastek does endeavour to have an effective succession plan in place to mitigate this risk.
  11. **Risks associated with possible acquisitions:** Making well-considered acquisitions is part of the Company's growth strategy. While all due care and diligence would be undertaken in the process of making an acquisition, the success of that would still depend upon many factors such as complete and thorough integration and assimilation. There is also no guarantee that the acquired entity will deliver business synergies as anticipated prior to the transaction.
4. **Continuing disclosure requirement:** The Option Holders shall receive copies of all documents that are sent to the members of the company. This shall include the annual report of the company as well as notices of meetings and the accompanying explanatory statements.

#### Part - B (Salient Features of the Scheme)

##### (1) INTRODUCTION:

This document sets out the terms and conditions of the scheme under which Options are being granted to the Eligible Employees by Mastek Ltd. ("the Company") (such scheme being referred to herein as "the Scheme"). Please read the Scheme carefully. The contents of this Scheme and any Letter of Grant or other documents related to or arising from or in connection with this Scheme are confidential and it is a term of Grant of Options that any portion of such documents/information should not be discussed with or revealed to others.

##### (2) OBJECTIVES OF THE SCHEME:

The purpose of this Scheme is to encourage ownership of the Company's equity shares by the Eligible Employees on an ongoing basis. The Scheme is intended to benefit the Company by enabling the attraction and retention of the best available talent by enabling them to contribute and share in the growth of the Company.

##### (3) PLAN OF THE SCHEME

The Scheme contains the common terms and conditions for all Options granted. The specific parameters unique to each Option Holder such as number of Options granted, Vesting Period, Exercise Period, Exercise Price etc. shall be specified in the Letter of Grant (or any amendment thereto) issued to each such Option Holder to whom Options are granted and this Scheme (as amended or modified, from time to time) shall, be considered as forming an integral part of such Letter of Grant at all times.

##### (4) DEFINITIONS

In this Scheme, unless the context otherwise requires,

- (a) "Applicable Laws" means the relevant laws in force for the time being (and as amended, modified, re-enacted or substituted from time to time) which govern companies and their securities and those which regulate the stock option schemes of the companies, but without limitation shall particularly include the SEBI ESOS Guidelines, the Income Tax Act, 1961 and guidelines/notifications/circulars issued thereunder, Companies Act, 1956, the

## Mastek Limited

Companies Act, 2013 or any stock exchange regulations including the Listing Agreement with all stock exchanges where the shares of the company are at any time listed. This Scheme is intended to comply with the SEBI ESOS Guidelines and the guidelines issued under the Income-tax Act, 1961, and shall not differ from the provisions of such guidelines save as provided for in this Scheme. Subject to the foregoing, any term or requirement under the said two guidelines not incorporated herein shall be deemed to have been included herein and be applicable and binding on the Company, the Eligible Employees and the Option Holders.

- (b) "Board" means the board of directors of the Company.
- (c) "Company" means Mastek Ltd. having its registered office at 804/805, President House, opp. C.N.Vidyalaya, Near Ambawadi Circle, Ahmedabad-380 006.
- (d) "Compensation Committee" means the committee constituted by the Board from time to time to act as the compensation committee for the purposes of this Scheme, and consisting of majority of Independent Directors.
- (e) "Director" means a member of the Board and includes additional directors or directors appointed to fill casual vacancies, as well as alternate directors.
- (f) "Independent Director" means a Director of the company and /or its subsidiary or holding companies, not being a whole time director and who is neither a promoter nor belongs to the promoter group and who fulfills the criteria to be considered as an independent director under the Companies Act, 2013.
- (g) "Eligible Employee" means an Employee who qualifies for issue of Options under this Scheme, based on the annual appraisal process and who is nominated by the Compensation Committee at its sole discretion as being eligible for issue of Options.
- (h) "Employee" means any person who is
  - i. a permanent employee of the Company working in India or outside India; or
  - ii. a director of the Company, whether a whole time director or not, who is permitted to receive stock options as per Applicable Law; or
  - iii. an employee or director as defined in sub-clauses (i) or (ii) of subsidiary companies, in India or outside India, or of a holding company of the company;
  - iv. an employee of the Company who has been transferred to Minefields Computers Limited and / or its subsidiaries, pursuant to the Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 and all such other laws, as may be applicable.

Exclusions: (A) Promoters who are Directors or any person or employee who is a Promoter or from Promoter group; and

(B) A Director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the company.

- (i) "Exercise" is the act of a written application being made by an Option Holder to the Company along with payment of the applicable Exercise Price together with taxes, for issue of Shares against Options vested in him/her pursuant to this Scheme.
- (j) "Exercise Period" shall be the time period after Vesting within which the Option Holder should exercise his/her right to apply for Shares against the Option vested in him/her. In case the Option Holder does not exercise the Options during the Exercise Period, they will lapse and no rights will accrue after that date. The Exercise Period shall be specified in the Letter of Grant to the Option Holder.
- (k) "Exercise Price" means the price payable by the Option Holder for Exercising an Option granted to him/her under this Scheme as may be determined by the Compensation Committee in accordance with Clause 7 of this Scheme.
- (l) "Grant" means the process by which an Eligible Employee is given an Option.
- (m) "Market Price" means the latest available closing price of the Shares on the stock exchanges on which the Shares of the company are listed, prior to the date of the meeting of the Board of Directors/ Compensation Committee in

which Options are Granted. If the Shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered and, the market price shall always be defined as per the provisions of the SEBI ESOS Guidelines in force.

- (n) "Letter of Grant" means the letter issued to a specific Eligible Employee, granting Options to him/her and containing other specific details such as the number of Options granted, Exercise Period, Exercise Price etc., and shall include all amendments or modifications to such terms, from time to time, as notified to such Eligible Employee. The Scheme (as amended or modified, from time to time) shall be considered as and form an integral part of the Letter of Grant.
- (o) "Lock-in Period" shall be such period, commencing from the date of allotment of Shares pursuant to Exercise of Option, for which the Option Holder shall be restricted from transferring or otherwise disposing of such Shares, as may be specified in the Letter of Grant. Unless so specified, there shall not be any Lock-in Period.
- (p) "Option" means a stock option granted pursuant to this Scheme to Eligible Employees, which gives such Eligible Employee the benefit or right (but not an obligation) to apply for and be allotted Equity Shares of the Company at the Exercise Price, during or within the Exercise Period, subject to the requirements of Vesting and subject to and in accordance with the terms and conditions of grant set out in the Letter of Grant and the Scheme, each as amended or modified from time to time.
- (q) "Option Holder" means an Eligible Employee who holds one or more Options granted pursuant to this Scheme.
- (r) "Promoter Group" means:
  - i. an immediate relative of the promoter (i.e. spouse of that person, or any parent, brother, sister or child of the person or of the spouse);
  - ii. persons whose shareholding is aggregated for the purpose of disclosing in the offer document "shareholding of the promoter group"
- (s) "Promoter" means:
  - i. the person or persons who are in over-all control of the Company.
  - ii. the person or persons who were instrumental in the formation of the Company or program pursuant to which the shares were offered to the public.
  - iii. the person or persons named in the offer document as promoter(s).

Provided that a director or officer of the Company if they are acting as such only in their professional capacity will not be deemed to be a promoter.
- (t) "SEBI" means the Securities and Exchange Board of India.
- (u) "SEBI ESOS Guidelines" means the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as modified, amended, or substituted, from time to time.
- (v) "Shares" mean equity shares and securities convertible into equity shares and shall include American Depository Receipts (ADRs), Global Depository Receipts (GDRs) or other depository receipts representing underlying equity shares or securities convertible into equity shares of the company.
- (w) "Vesting" means the process by which the Option Holder is given the right to apply for Shares of the Company against the Options granted to him in pursuance of this Scheme and the term "Vested" shall have a co-related meaning.
- (x) "Vesting Period" in respect of an Option means the period after which such Option will be considered to have Vested in the Option Holder. The Vesting Period may vary for different Option Holders or Options, as may be determined by the Compensation Committee.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Securities and Exchange Board of India Act, 1992 or guidelines issued there under including specifically the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the SEBI ESOS Guidelines or the Securities

## Mastek Limited

Contracts (Regulation) Act, 1956 or the Companies Act, 1956, or the Companies Act, 2013 or any statutory modification or re-enactment thereof, as the case may be.

### (5) ELIGIBILITY OF EMPLOYEES

Only Employees as defined herein are eligible under this Scheme. List of Employees who are recommended for Options will be presented to the Compensation Committee by the management. The list will be drawn based on the overall ratings obtained by the Employees in their annual appraisal process. The list would also cover senior management personnel who have newly joined the Company. Subject to this, the Compensation Committee shall, at its sole discretion, determine which Employee or category of Employees shall be eligible for Grant of Options and the terms of Grant thereof.

### (6) GRANT OF OPTIONS AND THEIR VESTING

- a) The maximum number of Options that may be granted under this Scheme is up to 25,00,000 provided that all Options that have lapsed (including those having lapsed by way of forfeiture) shall be added back to the number of Options that are available for Grant.
- b) The Compensation Committee may, on such dates as it shall determine, Grant to such Eligible Employees as it may in its absolute discretion select, Options of the Company on the terms and conditions as it may decide.
- c) The Vesting Period of the Options shall be a minimum of one year from the date of Grant and may be extended up to four years from the date of Grant.
- d) The Compensation Committee may determine and specify, from time to time, the Exercise Price and specify the Exercise Price, if any, in the Letter of Grant to the Option Holder and/or subsequent notification, as the case may be.
- e) The maximum number of Options to be issued per Eligible Employee will be decided by the Compensation Committee, provided that where the number of Options being granted exceed the thresholds specified in the SEBI ESOS Guidelines, prior approval of the shareholders of the Company shall be duly obtained for such Grant.
- f) Prior approval of the shareholders of the Company shall be obtained in case of Grant of Options to Eligible Employees who are employees of subsidiary or holding companies of the Company.

### (7) EXERCISE PRICE :

- a) The Exercise Price for an Option shall be the face value of the Share or any higher price which may be decided by the Compensation Committee considering the prevailing market conditions and the norms as prescribed by SEBI and other relevant regulatory authorities.
- b) The Exercise Price for Options shall be as specified in the Letter of Grant issued to the Option Holder in respect of such Options (as modified or amended, from time to time, by notification to the Option Holder).

### (8) EXERCISE OF OPTION

- a) Subject to the provisions of Clause 12 and other relevant terms of this Scheme, an Option shall be deemed to have been Exercised when the Company receives:
  - (i) a written application (in physical or electronic form) for Exercise of Option from the Option Holder, and
  - (ii) full payment of the Exercise Price for the Options sought to be Exercised, together with taxes, if any, payable for such Exercise.
- b) Full payment may consist of any consideration and method of payment authorized by the Compensation Committee and permitted by the Letter of Grant and the Scheme (each as amended or modified, from time to time). Shares issued upon Exercise of an Option shall be issued in the name of the Option Holder or, if requested by the Option Holder, in the name of the Option Holder and in the name of the joint applicant.
- c) If no specific the Exercise Period of the Options Vested in him/her shall, subject to the provisions of Clause 12 of this Scheme, be 7 years from the date of Vesting.



- d) The process of allotment of the Shares to the Option Holder who has validly Exercised his/her Vested Options should be completed within three months of completion of valid Exercising of such Options Vested, in accordance with the terms prescribed in the Letter of Grant and this Scheme.
- e) An Option Holder can Exercise Options, in whole or in part any time during the Exercise Period of such Options, provided that no Option can be Exercised in fractions.

**(9) FAILURE TO EXERCISE OPTION**

If any Options that are Vested are not exercised within the applicable Exercise Period, the options will be forfeited by the Company after the last date of the Exercise Period.

**(10) TERMS AND CONDITIONS OF THE SHARES:**

- a) Lock in period: There shall be a minimum period of one year between the Grant of Options and Vesting of Option.
- b) All Shares allotted on Exercise of Options will rank pari-passu with all other equity shares of the Company for the time being in issue.
- c) Until the Shares are issued (as evidenced by the appropriate entry in the Register of Members of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option.
- d) Once Shares are allotted on Exercise of Option, the holder of such Shares shall have all the rights equivalent to those of a common shareholder.
- e) The Shares issued on Exercise of the Options shall be listed on the stock exchanges where the Company is listed subject to the terms and conditions of the listing agreements with the stock exchanges.
- f) In the event of bonus/rights or any other issue of securities, merger, amalgamation, demerger, business transfer, restructuring or other similar corporate actions, the Compensation Committee shall provide for such adjustment, whether by way of grant of additional Options to existing Option Holders or otherwise, which, in its opinion and discretion, provides for a fair and reasonable adjustment to the Option Holders.
- g) In respect of Shares issued pursuant to Exercise of Options, the Option Holder would be eligible to participate in any bonus/rights issue or merger, amalgamation, demerger, business transfer, restructuring or other similar corporate actions, in the capacity as a shareholder of the Company, with all attendant benefits.

**(11) NON-TRANSFERABILITY OF OPTIONS**

- a) Option granted to an Option Holder shall not be transferable or assignable to any person.
- b) No person other than the Option Holder to whom the Option is granted shall be entitled to Exercise the Option.
- c) The Option granted to the Option Holder shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

**(12) TERMINATION OF RELATIONSHIP AS AN EMPLOYEE**

- a) If an Option Holder ceases to be an Employee prior to the Exercise of the Options granted, due to dismissal, resignation or leaving the services or, retirement (other than (i) for reasons provided for under sub-clauses (b), (c) and (d) below; and/or (ii) pursuant to transfer of employment of such Option Holder to Minefields Computers Limited and / or its subsidiaries pursuant to the Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956, and all such other laws, as may be applicable) or in the event of the severance of employment due to non-performance, misconduct or otherwise, all the unvested Options held by him, shall lapse from the date of his ceasing to be an Employee, save as otherwise provided for in this Scheme. Further, all Options held by him that have Vested shall be exercised within a period of 15 days from the date of cessation.
- b) If an Option Holder ceases to be an Employee as a result of the disability of the Option Holder, as determined by the Board/Compensation Committee, the Option Holder may exercise his or her option within such period of time as is specified in the Letter of Grant to the extent the Option is Vested on the date of termination (but in no event later than the expiration of the Exercise Period of such Option as set forth in the Letter of Grant).

## Mastek Limited

- c) In case an Option Holder suffers permanent incapacity while in employment, all Options granted to him/her as on the date of such permanent incapacitation, shall stand Vested in him on that day. In the absence of a specified time in the Letter of Grant, in such case, all Options Vested in such Option Holder shall remain Exercisable for 3 months following the Option holder's termination. If, after termination, the Option Holder does not Exercise his or her option within the time specified in this sub-section, the Options shall stand terminated, and the Shares covered by such Option shall revert to the Scheme.
- d) If an Option Holder dies while being an Employee of the Company, the Option may be exercised within such period of time as is specified in the Letter of Grant (but in no event later than the expiration of the Exercise Period of such Option as set forth in the Letter of Grant) by the Option holder's legal representative or by a person who acquires the right to exercise the Option by bequest or inheritance. All Options granted to him/her till date shall be deemed to be vested in the legal heirs or nominee of the deceased employee. In the absence of a specified Exercise Period in the Letter of Grant, the Option shall remain Exercisable for 3 months following the Option Holder's death. If such Options are not so Exercised within the time specified in this sub section, the Options shall stand terminated, and the Shares covered by such Option shall revert to the Scheme.

### (13) ADMINISTRATION OF THE SCHEME

- a) The Scheme shall be administered by and be under the superintendence of the Compensation Committee constituted by the Board. The Option Holder shall abide by the policies, decisions and procedures laid down by the Compensation Committee, from time to time.
- b) Subject to the provisions of this Scheme, and subject to the approval of any relevant authorities and of the shareholders in general meeting as and where required, the Compensation Committee shall inter alia, formulate from time to time, some specific parameters relating to the Scheme including:
  - (a) the quantum of Options to be granted under the Scheme to a particular Eligible Employee or to a category or group of Employees and in aggregate;
  - (b) the premium payable per Option for Grant;
  - (c) Exercise Price;
  - (d) the Employees to whom Options may from time to time be granted hereunder;
  - (e) the Vesting Period and the Exercise Period;
  - (f) the conditions under which Options Vested in Option Holders may lapse in case of termination of employment for misconduct (apart from what has been stated elsewhere herein);
  - (g) the specified time period within which the Option Holder shall exercise the Vested Options in the event of termination or resignation of such Option Holder;
  - (h) the right of an Option Holder to Exercise all the Options Vested in him/her at one time or at various points of time within the Exercise Period;
  - (i) to prescribe, amend and rescind rules and regulations or terms relating to the Scheme;
  - (j) to construe and interpret the terms of the Scheme and Options granted pursuant to the Scheme, as well as terms of any Letter of Grant;
  - (k) the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, demerger, amalgamation, sale of division, business transfer and others. In this regard following shall be taken into consideration by the Compensation Committee –
    - (i) the number and the Exercise Price of Options shall be adjusted in a manner such that total value of the Options remains the same after the corporate action;
    - (ii) for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;

- (iii) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Holders.

The matters as specified in the preceding clause may be specified in the Letter of Grant or may be intimated to the Option Holder from time to time.

All decisions, determinations and interpretations of the Compensation Committee shall be at the sole discretion of the Committee and shall be final and binding on all Employees and Option Holders.

- c) The Compensation Committee shall frame suitable policies and systems to ensure that there is no violation of :-
  - (i) Securities and Exchange Board of India (Insider Trading) Regulations, 1992;
  - (ii) SEBI ESOS Guidelines; and
  - (iii) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trading Practice relating to the Securities Market) Regulations, 1995
  - (iv) The guidelines issued under the Income-tax Act, 1961, for grant of ESOPs so as to be eligible for exemption thereunder.
- d) The Scheme shall be effective on receipt of the approval from the shareholders in the Shareholders' Meeting.

#### **(14) AMENDMENT AND TERMINATION OF THE SCHEME**

- a) The Compensation Committee may at any time amend, alter, suspend or terminate the Scheme, to the extent, subject to and after compliance with the requirements of Applicable Laws, provided that the Company shall not vary the terms of the Scheme in any manner which may be detrimental to the interests of the Option Holders.
- b) The Company may by a special resolution in a general meeting vary the terms of the Scheme offered pursuant to an earlier resolution of a general body but not yet exercised by the Option Holders provided such variation is not prejudicial to the interests of the Option Holders.
- c) Termination of the Scheme shall not affect the Compensation Committee's ability to exercise the powers granted to it hereunder with respect to Options granted under the Scheme prior to the date of such termination
- d) Any change, amendment, etc. under this clause shall be subject to obtaining of approvals from concerned authorities and so long as otherwise such change, etc. is in accordance with the statutory provisions, guidelines, etc.

#### **(15) GENERAL**

- a) This Scheme, in terms of having binding effect, is a private contract between the Company and the Employee specified in the Letter of Grant of which this document is an integral part. It does not create any right or benefit for persons other than between the Company and the specific Employee who has been issued a Letter of Grant of which this document forms a part. The parties hereto recognize that the Company may provide for different terms, to the extent permissible under Applicable Law, for different Eligible Employees especially employees on long leave as may be decided by the Compensation Committee.
- b) The Company shall be entitled to file this Scheme with such authorities and persons as it may be required under law to file or where it deems fit.
- c) This Scheme shall not form part of any contract of employment between the Company and the Employee/Option Holder. The rights and obligations of any individual under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in and nothing in this Scheme shall be construed as affording such an individual any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.
- d) This Scheme shall be subject to all Applicable Laws, rules, and regulations and to such approvals by any governmental agencies as may be required. The Grant of Options under this Scheme shall entitle the Company to require the Option Holders to comply with such requirements of law as may be necessary in the opinion of the Company.

## Mastek Limited

- e) Participation in this Scheme shall not be construed as any assurance of any form whatsoever including any guarantee of return on the equity investment. Any risks associated with the investment are that of the Option Holder alone.
- f) All costs and expenses with respect to the adoption of the Scheme and in connection with the registration of Shares shall be borne by the Company; provided, however, that except as otherwise specifically provided in the Scheme or in any agreement between the Company and an Option holder, the Company shall not be obliged to pay any costs or expenses (including legal fees) incurred by any Option Holder in connection with any Option held by such Option Holder or transfer or other dealing with Shares held by an Option Holder pursuant to Exercise of Options.
- g) In the event of any tax liability, present or future, arising on account of the grant of the Options / conversion into shares / transfer of shares to the employee , the liability shall be that of the employee alone and the Company shall be indemnified to the extent of income tax if any levied at any point of time . The Company shall have the right to deduct tax at source or demand and recover tax from the employee of such an amount as may be advised to it by the tax advisors at the time of grant or exercise of the Options.
- h) The Scheme shall continue to operate so long as there are un-issued or unexercised Options and thereafter shall continue to operate till the Compensation Committee decides to terminate the Scheme. The Scheme shall operate independently and parallel to any Scheme that may be presently existing. The Company may introduce new scheme or schemes that may have features, terms and conditions that are different from the Scheme.
- i) The Employee shall enter into such agreement, as the Company or its representative may desire from time to time to more fully and effectively implement this Scheme.

### 16. INTERPRETATION OF THE SCHEME AND OTHER ASPECTS

- a) In case of any doubts or disputes as to the meaning or interpretation of any clause or word of the Scheme or Letter of Grant to an Option Holder (including any amendments of modification thereto), the matter shall be referred for final determination to an arbitrator nominated by the Compensation Committee and the decision of such arbitrator shall be final and binding on the Company and the Option Holder. The Scheme and the Letter of Grant shall be subject to the laws of India and shall be subject to the jurisdiction of the Courts at Mumbai.
- b) If any clause, clauses or part thereof is found to be invalid or void on any account, the remaining of the clause or clauses shall continue to have full force any effect as if such clause, clauses or part thereof were not contained in the Scheme.

### 17. CONFIDENTIALITY

- a) The Employee who holds any Options/ Shares under the Scheme shall not divulge the details or terms of the Scheme, any Letter of Grant and his/her holding to any person except any disclosure as may be required as per Applicable Laws.

### 18. STATUTORY DISCLOSURES:

Kindly go through the Disclosure Document annexed to this Scheme and which is deemed to be a part of the Scheme.

### 19. DISCLOSURE AND ACCOUNTING POLICIES

The Company shall comply with disclosure and the accounting policies specified in the SEBI ESOS Guidelines and/or such other guidelines as may be applicable from time to time.

\* \* \* \* \*

## Abridged Financial Statement

### Mastek Group

#### Consolidated Balance Sheet

Rs. in Lakhs

Sr. No.		Particulars	31.03.2014	31.03.2013	30.06.2012	30.06.2011	30.06.2010	30.06.2009
		<b>Sources of Funds</b>						
1	(a)	Shareholders' Fund	1,108.03	1,231.91	1,351.31	1,347.56	1,347.20	1,344.97
	(b)	Reserve and Surplus	54,910.98	52,059.44	52,206.21	47,722.91	53,430.71	49,504.29
2		Minority Interest	-	-	-	-	-	-
3		Loan Funds	-	48.24	50.64	-	-	-
		Secured Loans	135.42	123.98	44.10	1,840.55	4,204.71	7,038.38
		<b>Total</b>	<b>56,154.43</b>	<b>53,463.57</b>	<b>53,652.26</b>	<b>50,911.02</b>	<b>58,982.62</b>	<b>57,887.64</b>
		<b>Application of Funds</b>						
1		Fixed Assets						
	(a)	Gross Block	48,368.98	46,021.59	52,671.36	47,913.52	45,050.87	43,708.54
	(b)	Less:- Depreciation/amortisation	22,287.05	21,331.82	27,049.14	23,581.14	20,886.97	18,747.42
	(c)	Net Block	26,081.93	24,689.77	25,622.22	24,332.38	24,163.90	24,961.12
		Capital Work in Progress	33.66	260.43	0.21	18.52	3,556.82	3,692.36
2		Investments	254.76	268.68	279.12	6,182.72	1,972.73	10,136.63
3		Deffered Taxatoin	2,250.95	2,520.08	2,269.69	2,210.01	2,312.44	2,256.59
4		Long Term Loans & Advances	6,201.38	5,862.48	5,868.13	-	-	-
5		Current Assets, Loan and Advances						
	(a)	Sundry Debtors/ Trade Receivables	11,678.27	14,958.96	18,098.79	16,299.99	19,508.55	20,265.07
	(b)	Cash and Bank Balances	8,973.26	12,204.46	9,775.37	9,719.82	17,779.26	13,859.22
	(c)	Loans and Advances	2,356.17	2,130.14	2,081.62	14,935.52	15,190.78	5,339.36
	(d)	Other Current Assets	9,402.55	7,564.20	7,737.46	-	-	-
	(e)	Current Investment	8,140.00	3,700.00	4,010.00	-	-	-
			40,550.25	40,557.76	41,703.24	40,955.33	52,478.59	39,463.65
		Less:- Current Liabilities and Provisions						
	(a)	Liabilities	14,372.74	13,925.42	14,551.21	9,148.91	9,044.31	13,727.38
	(b)	Provisions	4,845.76	6,770.21	7,539.14	13,639.03	16,457.55	8,895.33
			19,218.50	20,695.63	22,090.35	22,787.94	25,501.86	22,622.71
		Net Current Assets	21,331.75	19,862.13	19,612.89	18,167.39	26,976.73	16,840.94
		<b>Total</b>	<b>56,154.43</b>	<b>53,463.57</b>	<b>53,652.26</b>	<b>50,911.02</b>	<b>58,982.62</b>	<b>57,887.64</b>

# Mastek Limited

## Abridged Financial Statement

### Mastek Group

#### Consolidated Profit & Loss Account

Rs. in Lakhs

Particulars	31.03.2014	31.03.2013	30.06.2012	30.06.2011	30.06.2010	30.06.2009
<b>INCOME</b>						
Information Technology Services	92,302.29	68,336.41	73,351.55	59,327.38	71,382.51	94,260.45
Other Income	1,125.91	910.68	1,182.04	2,093.97	807.76	2,236.50
	93,428.20	69,247.09	74,533.59	61,421.35	72,190.27	96,496.95
<b>EXPENDITURE</b>						
Operating Expenses	56,481.48	41,451.93	46,132.12	55,143.29	55,378.84	68,724.35
Other Expenses	26,816.72	21,171.54	24,865.16	6,115.08	7,282.34	9,619.77
<b>Depreciation</b>	<b>3,287.28</b>	<b>2,203.13</b>	<b>2,878.37</b>	<b>2,878.84</b>	<b>2,673.06</b>	<b>2,953.89</b>
Financial Cost	67.98	39.65	129.94	116.19	128.57	478.46
Profit before Tax before Extraordinary Item	6,774.74	4,380.84	528.00	(2,832.05)	6,727.46	14,720.48
Extra ordinary Item-	-	-	-	2,719.93	-	-
Provision for Taxation	1,595.18	948.59	477.97	42.36	(44.16)	604.39
Profit after Tax before Extraordinary Item	5,179.56	3,432.25	50.03	-	6,771.62	14,116.09
Minority Interest	-	-	-	-	-	-
Share in Loss of Associates Companies	-	-	-	-	-	-
Profit on sale of Joint Venture	-	-	-	-	-	-
Profit for the year	5,179.56	3,432.25	50.03	(5,594.34)	6,771.62	14,116.09
Add:- Profit brought forward from previous Year	38,222.81	36,005.33	35,955.30	41,549.64	37,494.86	28,904.73
Profit Available for appropriation	43,402.37	39,437.58	36,005.33	-	44,266.48	43,020.82
Appropriations						
Interim Dividend	431.17	-	-	-	539.50	661.88
Final Dividend	609.42	739.15	-	-	336.80	2,017.46
Corproate Dividend Tax	(17.52)	125.62	-	-	147.63	455.47
Profit Transferred to Reserve Account	520.00	350.00	-	-	1,692.91	2,391.15
Balance Carried to Balancesheet	41,859.30	38,222.81	36,005.33	35,955.30	41,549.64	37,494.86
<b>Total</b>	<b>43,402.37</b>	<b>39,437.58</b>	<b>36,005.33</b>	<b>-</b>	<b>44,266.48</b>	<b>43,020.82</b>

**SCHEDULE II****EMPLOYEE STOCK OPTION SCHEME TO BE ADOPTED BY RESULTING COMPANY****EMPLOYEE STOCK OPTION SCHEME OF [MINEFIELDS COMPUTERS LIMITED]****PLAN [I]**

(Scheme of Stock Options for Employees)

**Table of Contents**

	<b><u>Page no.</u></b>
• <b>Part – A</b>	
<b>General Information about Company</b> .....	71-73
• <b>Part – B</b>	
<b>The salient features of the Scheme:-</b>	
1. Introduction .....	73
2. Objectives of the Scheme .....	73
3. Plan of the Scheme .....	73
4. Definitions .....	73-75
5. Eligibility of Employees .....	76
6. Grant of options and their Vesting .....	76
7. Exercise Price .....	76
8. Exercise of Option.....	76-77
9. Failure to Exercise Option .....	77
10. Terms and Conditions of the Shares .....	77
11. Non-Transferability of Options .....	77
12. Termination of Relationship as an Employee .....	77-78
13. Administration of the scheme .....	78-79
14. Amendment and Termination of the scheme .....	79
15. General .....	79-80
16. Interpretation of the Scheme and Other aspects .....	80
17. Confidentiality .....	80
18. Statutory Disclosures .....	80
19. Disclosures and Accounting Policies .....	80

**Part- A (General Information about Company)****Statement of Risks**

All investments in shares or options on shares are subject to risk as the value of shares may go down or go up. In addition, employee stock options are subject to the following additional risks:

## Mastek Limited

1. **Concentration:** The risk arising out of any fall in value of shares is aggravated if the Employee's holding is concentrated in the shares of a single company.
2. **Leverage:** Any change in the value of the Share can lead to a significantly larger change in the value of the Option as an Option amounts to a levered position in the Share.
3. **Illiquidity:** The Options cannot be transferred to anybody, and therefore the Employees cannot mitigate their risks by selling the whole or part of their Options before they are Exercised.
4. **Vesting:** The Options will lapse as per the terms of this Scheme if the employment is terminated prior to Vesting. Even after the Options are Vested, the unexercised Options may be forfeited as per the terms of this Scheme if the Employee is terminated for gross misconduct.

### 1. Business of the company

[Minefields Computers Limited] (the "**Company**" or ["**Minefields**"]) was incorporated in [2013], with the mission of supporting customers leverage information technology for significant business advantage..

2. **Abridged financial information:** Abridged financial information for the period ended March 31, 2014 for which audited financial information is available in a format similar to that required under item B(1) of Part II of Schedule II of the Companies Act is annexed to this Scheme.
3. **Risk Factors:** Management perception of the risk factors of the Company

### Risks and Concerns

1. **Growth management:** The Company is implementing its strategy for business growth and revenue expansion across multiple geographies and markets. Given the competitive environment and the challenges of attracting and retaining talent, any inability to manage growth in chosen geographies might have an adverse impact on the Company's performance.
2. **Macro-economic factors:** The Company is engaged with customers in Europe, North America, Asia-Pacific region, and India. Due to the global nature of its operations, the Company's performance will be influenced by macro-economic factors such as economic cycles in its various markets and volatility in foreign currency exchange rates.
3. **Potential fluctuations in operating matrices:** The Company's focus is on providing Software Products and Services to Insurance Companies. The Company's success in delivering healthy operating matrices such as revenue growth, margins expansion, employee and resource productivity, and earnings enhancement is subject to many factors that include the ability to execute projects, win new project orders, and effectively deploy capital and other resources.
4. **Risks related to tax concessions:** The Company operate within a sector that enjoys favourable government policies that include tax benefits, and any shift in these policies can have an impact on the Company's business.
5. **International operations risk:** In view of the Company's proposed operating presence in multiple countries, any inability on part of the Company or its employees to comply with international laws and contractual obligations can have an impact on overall performance. The Company trains its employees on compliance related issues to mitigate such risks.
6. **Client risks:** The Company will pursue a strategy of developing strong, in-depth relationships with its clients, thus creating a number of strategic accounts that can then be further grown. At the same time, any shift in customer preferences, priorities, and internal strategies can have an adverse impact on the Company's operations and outlook.
7. **Technological risks:** [Minefields] will be a player in the higher-end Insurance Products and Services vertical market, where access to intellectual property and capabilities in cutting-edge technology are key enablers of longer term success. Any significant barriers in the Company's ability to develop and/or align and adapt to new technologies can have an adverse impact on overall operations.



8. **Contract and delivery related disputes:** The Company's operating performance is subject to risks associated with factors that may be beyond its control, such as the termination or modification of contracts and non-fulfillment of contractual obligations by clients due to their own financial difficulties or changed priorities or other reasons. The Company will have mechanisms in place to try and prevent such situations, as well as insurance cover as necessary.
  9. **Competition:** The Insurance Products and services market is highly competitive, with several players based in India and elsewhere. While the Company will have strong domain expertise, robust delivery capabilities, and significant project experience, there is no guarantee that it will always get the better of competition.
  10. **Dependence on key personnel:** The Company has one of the best management teams in the industry, which will be a critical enabler of its operating success. Any loss of personnel through attrition or other means may have an impact on the Company's performance. [Minefields] does endeavour to have an effective succession plan in place to mitigate this risk.
  11. **Risks associated with possible acquisitions:** Making well-considered acquisitions is part of the Company's growth strategy. While all due care and diligence would be undertaken in the process of making an acquisition, the success of that would still depend upon many factors such as complete and thorough integration and assimilation. There is also no guarantee that the acquisitions will deliver business synergies as anticipated prior to the transaction.
4. **Continuing disclosure requirement:** The Option Holders shall receive copies of all documents that are sent to the members of the Company. This shall include the annual report of the Company as well as notices of meetings and the accompanying explanatory statements.

## Part - B (Salient Features of the Scheme)

### (1) INTRODUCTION:

This document sets out the terms and conditions of the scheme under which Options are being granted to the Eligible Employees by the Company (such scheme being referred to herein as "the Scheme"). Please read the Scheme carefully. The contents of this Scheme and any Letter of Grant or other documents related to or arising from or in connection with this Scheme are confidential and it is a term of Grant of Options that any portion of such documents/information should not be discussed with or revealed to others.

### (2) OBJECTIVES OF THE SCHEME:

The purpose of this Scheme is to encourage ownership of the Company's equity shares by the Eligible Employees on an ongoing basis. The Scheme is intended to benefit the Company by enabling the attraction and retention of the best available talent by enabling them to contribute and share in the growth of the Company.

### (3) PLAN OF THE SCHEME

The Scheme contains the common terms and conditions for all Options granted. The specific parameters unique to each Option Holder such as number of Options granted, Vesting Period, Exercise Period, Exercise Price etc. shall be specified in the Letter of Grant (or any amendment thereto) issued to each such Option Holder to whom Options are granted and this Scheme (as amended or modified, from time to time) shall, be considered as forming an integral part of such Letter of Grant at all times.

### (4) DEFINITIONS

In this Scheme, unless the context otherwise requires,

- (a) "Applicable Laws" means the relevant laws in force for the time being (and as amended, modified, re-enacted or substituted from time to time) which govern companies and their securities and those which regulate the stock option schemes of the companies, but without limitation shall particularly include the SEBI ESOS Guidelines, the Income Tax Act, 1961 and guidelines/notifications/circulars issued thereunder, Companies Act, 1956, the Companies Act, 2013 or any stock exchange regulations including the Listing

## Mastek Limited

Agreement with all stock exchanges where the shares of the company are at any time listed. This Scheme is intended to comply with the SEBI ESOS Guidelines and the guidelines issued under the Income-tax Act, 1961, and shall not differ from the provisions of such guidelines save as provided for in the Scheme. Subject to the foregoing, any term or requirement under the said two guidelines not incorporated herein shall be deemed to have been included herein and be applicable and binding on the Company, the Eligible Employees and the Option Holders.

- (b) "Board" means the board of directors of the Company.
  - (c) "Company" means [Minefields Computers Limited]. having its registered office at Mastek New Development Centre Building, MBP-P-136, Mahape, Navi Mumbai.
  - (d) "Compensation Committee" means the committee constituted by the Board from time to time to act as the compensation committee for the purposes of this Scheme, and consisting of majority of Independent Directors.
  - (e) "Director" means a member of the Board and includes additional directors or directors appointed to fill casual vacancies, as well as alternate directors.
  - (f) "Independent Director" means a Director of the company and /or its subsidiary or holding companies, not being a whole time director and who is neither a promoter nor belongs to the promoter group and who fulfills the criteria to be considered as an independent director under the Companies Act, 2013.
  - (g) "Eligible Employee" means an Employee who qualifies for issue of Options under this Scheme, based on the annual appraisal process and who is nominated by the Compensation Committee at its sole discretion as being eligible for issue of Options.
  - (h) "Employee" means any person who is
    - i. a permanent employee of the Company working in India or outside India; or
    - ii. a director of the Company, whether a whole time director or not, who is permitted to receive stock options as per Applicable Law; or
    - iii. an employee as defined in sub-clauses (i) or (ii) of subsidiary companies, in India or outside India, or of a holding company of the company; or
    - iv. an employee of Mastek Limited and / or its subsidiaries, holding options of Mastek Limited as on the date that the Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956, takes effect.
- Exclusions:
- (A) Promoters who are Directors or any person or employee who is a Promoter or from the Promoter group; and
  - (B) A Director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the company.
- (i) "Exercise" is the act of a written application being made by an Option Holder to the Company along with payment of the applicable Exercise Price together with taxes, for issue of Shares against Options Vested in him/her pursuant to this Scheme.
  - (j) "Exercise Period" shall be the time period after Vesting within which the Option Holder should exercise his/her right to apply for Shares against the Option Vested in him/her. In case the Option Holder does not exercise the Options during the Exercise Period, they will lapse and no rights will accrue after that date. The Exercise Period shall be specified in the Letter of Grant to the Option Holder.
  - (k) "Exercise Price" means the price payable by the Option Holder for Exercising an Option granted to him/her under this Scheme as may be determined by the Compensation Committee in accordance with Clause 7 of this Scheme.
  - (l) "Grant" means the process by which an Eligible Employee is given an Option.

- (m) "Market Price" means the latest available closing price of the Shares on the stock exchanges on which the Shares of the company are listed, prior to the date of the meeting of the Board of Directors/ Compensation Committee in which Options are Granted. If the Shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered and, the market price shall always be defined as per the provisions of the SEBI ESOS Guidelines in force.
- (n) "Letter of Grant" means the letter issued to a specific Eligible Employee, granting Options to him/her and containing other specific details such as the number of Options granted, Exercise Period, Exercise Price etc., and shall include all amendments or modifications to such terms, from time to time, as notified to such Eligible Employee. The Scheme (as amended or modified, from time to time) shall be considered as and form an integral part of the Letter of Grant.
- (o) "Lock-in Period" shall be such period, commencing from the date of allotment of Shares pursuant to Exercise of Option, for which the Option Holder shall be restricted from transferring or otherwise disposing of such Shares, as may be specified in the Letter of Grant. Unless so specified, there shall not be any Lock-in Period.
- (p) "Option" means a stock option granted pursuant to this Scheme to Eligible Employees, which gives such Eligible Employee the benefit or right (but not an obligation) to apply for and be allotted Equity Shares of the Company at the Exercise Price, during or within the Exercise Period, subject to the requirements of Vesting and subject to and in accordance with the terms and conditions of grant set out in the Letter of Grant and the Scheme, each as amended or modified from time to time.
- (q) "Option Holder" means an Eligible Employee who holds one or more Options granted pursuant to this Scheme.
- (r) "Promoter Group" means:
  - i. an immediate relative of the promoter (i.e. spouse of that person, or any parent, brother, sister or child of the person or of the spouse);
  - ii. persons whose shareholding is aggregated for the purpose of disclosing in the offer document "shareholding of the promoter group"
- (s) "Promoter" means:
  - i. the person or persons who are in over-all control of the Company.
  - ii. the person or persons who were instrumental in the formation of the Company or program pursuant to which the shares were offered to the public.
  - iii. the person or persons named in the offer document as promoter(s).  
Provided that a director or officer of the Company if they are acting as such only in their professional capacity will not be deemed to be a promoter.
- (t) "SEBI" means the Securities and Exchange Board of India.
- (u) "SEBI ESOS Guidelines" means the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as modified, amended, or substituted, from time to time.
- (v) "Shares" mean equity shares and securities convertible into equity shares and shall include American Depository Receipts (ADRs), Global Depository Receipts (GDRs) or other depository receipts representing underlying equity shares or securities convertible into equity shares of the company.
- (w) "Vesting" means the process by which the Option Holder is given the right to apply for Shares of the Company against the Options granted to him in pursuance of this Scheme and the term "Vested" shall have a co-related meaning.
- (x) "Vesting Period" in respect of an Option means the period after which such Option will be considered to have Vested in the Option Holder. The Vesting Period may vary for different Option Holders or Options, as may be determined by the Compensation Committee.

## Mastek Limited

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Securities and Exchange Board of India Act, 1992 or guidelines issued there under including specifically the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the SEBI ESOS Guidelines or the Securities Contracts (Regulation) Act, 1956 or the Companies Act, 1956, or the Companies Act, 2013 or any statutory modification or reenactment thereof, as the case may be.

### (5) ELIGIBILITY OF EMPLOYEES

Only Employees as defined herein are eligible under this Scheme. List of Employees who are recommended for Options will be presented to the Compensation Committee by the management. The list will be drawn based on the overall ratings obtained by the Employees in their annual appraisal process. The list would also cover senior management personnel who have newly joined the Company. Subject to this, the Compensation Committee shall, at its sole discretion, determine which Employee or category of Employees shall be eligible for Grant of Options and the terms of Grant thereof.

### (6) GRANT OF OPTIONS AND THEIR VESTING

- a) The maximum number of Options that may be granted under this Scheme is up to [80,00,000] provided that all Options that have lapsed (including those having lapsed by way of forfeiture) shall be added back to the number of Options that are available for Grant.
- b) The Compensation Committee may, on such dates as it shall determine, Grant to such Eligible Employees as it may in its absolute discretion select, Options of the Company on the terms and conditions as it may decide.
- c) The Vesting Period of the Options shall be a minimum of one year from the date of Grant and may be extended up to four years from the date of Grant.
- d) The Compensation Committee may determine and specify, from time to time, the Exercise Price and specify the Exercise Price, if any, in the Letter of Grant to the Option Holder and/or subsequent notification, as the case may be.
- e) The maximum number of Options to be issued per Eligible Employee will be decided by the Compensation Committee, provided that where the number of Options being granted exceed the thresholds specified in the SEBI ESOS Guidelines, prior approval of the shareholders of the Company shall be duly obtained for such Grant.
- f) Prior approval of the shareholders of the Company shall be obtained in case of Grant of Options to Eligible Employees who are employees of subsidiary or holding companies of the Company.

### (7) EXERCISE PRICE :

- a) The Exercise Price for an Option shall be the face value of the Shares or any higher price which may be decided by the Compensation Committee considering the prevailing market conditions and the norms as prescribed by SEBI and other relevant regulatory authorities.
- b) The Exercise Price for Options shall be as specified in the Letter of Grant issued to the Option Holder in respect of such Options (as modified or amended, from time to time, by notification to the Option Holder).

### (8) EXERCISE OF OPTION

- a) Subject to the provisions of Clause 12 and other relevant terms of this Scheme, an Option shall be deemed to have been Exercised when the Company receives:
  - (iii) a written application (in physical or electronic form) for Exercise of Option from the Option Holder, and
  - (iv) full payment of the Exercise Price for the Options sought to be Exercised, together with taxes, if any, payable for such Exercise.
- b) Full payment may consist of any consideration and method of payment authorized by the Compensation Committee and permitted by the Letter of Grant and the Scheme (each as amended or modified, from time to time). Shares issued upon Exercise of an Option shall be issued in the name of the Option Holder or, if requested by the Option Holder, in the name of the Option Holder and in the name of the joint applicant.
- c) If no specific the Exercise Period of the Options Vested in him/her shall, subject to the provisions of Clause 12 of this Scheme, be 7 years from the date of Vesting.

- d) The process of allotment of the Shares to the Option Holder who has validly Exercised his/her Vested Options should be completed within three months of completion of valid Exercising of such Options Vested, in accordance with the terms prescribed in the Letter of Grant and this Scheme.
- e) An Option holder can Exercise Options, in whole or in part any time during the Exercise Period of such Options, provided that no Option can be Exercised in fractions.

**(9) FAILURE TO EXERCISE OPTION**

If any Options that are Vested are not exercised within the applicable Exercise Period, the options will be forfeited by the Company after the last date of the Exercise Period.

**(10) TERMS AND CONDITIONS OF THE SHARES:**

- a) Lock in period: There shall be a minimum period of one year between the Grant of Options and Vesting of Option.
- b) All Shares allotted on Exercise of Options will rank pari-passu with all other equity shares of the Company for the time being in issue.
- c) Until the Shares are issued (as evidenced by the appropriate entry in the Register of Members of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option.
- d) Once Shares are allotted on Exercise of Option, the holder of such Shares shall have all the rights equivalent to those of a common shareholder.
- e) The Shares issued on Exercise of the Options shall be listed on the stock exchanges where the Company is listed subject to the terms and conditions of the listing agreements with the stock exchanges.
- f) In the event of bonus/rights or any other issue of securities, merger, amalgamation, demerger, business transfer, restructuring or other similar corporate actions, the Compensation Committee shall provide for such adjustment, whether by way of grant of additional Options to existing Option Holders or otherwise, which, in its opinion and discretion, provides for a fair and reasonable adjustment to the Option Holders.
- g) In respect of Shares issued pursuant to Exercise of Options, the Option Holder would be eligible to participate in any bonus/rights issue or merger, amalgamation, demerger, business transfer, restructuring or other similar corporate actions, in the capacity as a shareholder of the Company, with all attendant benefits.

**(11) NON-TRANSFERABILITY OF OPTIONS**

- a) Option granted to an Option Holder shall not be transferable or assignable to any person.
- b) No person other than the Option Holder to whom the Option is granted shall be entitled to Exercise the Option.
- c) The Option granted to the Option Holder shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

**(12) TERMINATION OF RELATIONSHIP AS AN EMPLOYEE**

- a) If an Option Holder ceases to be an Employee prior to the Exercise of the Options granted, due to dismissal, resignation or leaving the services or, retirement (other than for reasons provided for under sub-clauses (b), (c) and (d) below) or in the event of the severance of employment due to non-performance, misconduct or otherwise, all the unvested Options held by him, shall lapse from the date of his ceasing to be an Employee, save as otherwise provided for in this Scheme. Further, all Options held by him that have Vested shall be exercised within a period of 15 days from the date of cessation.
- b) If an Option Holder ceases to be an Employee as a result of the disability of the Option Holder, as determined by the Board/Compensation Committee, the Option Holder may exercise his or her option within such period of time as is specified in the Letter of Grant to the extent the Option is Vested on the date of termination (but in no event later than the expiration of the Exercise Period of such Option as set forth in the Letter of Grant).

## Mastek Limited

- c) In case an Option Holder suffers permanent incapacity while in employment, all Options granted to him/her as on the date of such permanent incapacitation, shall stand Vested in him on that day. In the absence of a specified time in the Letter of Grant, in such case, all Options Vested in such Option Holder shall remain Exercisable for 3 months following the date of such permanent incapacity of the Option Holder's termination pursuant to such permanent incapacity. If, after termination, the Option Holder does not Exercise his or her option within the time specified in this sub-section, the Options shall stand terminated, and the Shares covered by such Option shall revert to the Scheme.
- d) If an Option Holder dies while still an Employee, all the Options granted to him/her until such date shall stand Vested in his/her legal heirs or nominees (as the case may be). The Options so Vested may be Exercised by such legal heirs/nominees within such period of time as is specified in the Letter of Grant (but in no event later than the expiration of the Exercise Period of such Option as set forth in the Letter of Grant). In the absence of a specified Exercise Period in the Letter of Grant, the Option shall remain Exercisable for 3 months following the Option Holder's death. If such Options are not so Exercised within the time specified in this sub section, the Options shall stand terminated, and the Shares covered by such Option shall revert to the Scheme.

### (13) ADMINISTRATION OF THE SCHEME

- a) The Scheme shall be administered by and be under the superintendence of the Compensation Committee constituted by the Board. The Option Holder shall abide by the policies, decisions and procedures laid down by the Compensation Committee, from time to time.
- b) Subject to the provisions of this Scheme, and subject to the approval of any relevant authorities and of the shareholders in general meeting as and where required, the Compensation Committee shall inter alia, formulate from time to time, some specific parameters relating to the Scheme including:
  - (a) the quantum of Options to be granted under the Scheme to a particular Eligible Employee or to a category or group of Employees and in aggregate;
  - (b) the premium payable per Option for Grant;
  - (c) Exercise Price;
  - (d) the Employees to whom Options may from time to time be granted hereunder;
  - (e) the Vesting Period and the Exercise Period;
  - (f) the conditions under which Options Vested in Option Holders may lapse in case of termination of employment for misconduct (apart from what has been stated elsewhere herein);
  - (g) the specified time period within which the Option Holder shall exercise the Vested Options in the event of termination or resignation of such Option Holder;
  - (h) the right of an Option Holder to Exercise all the Options Vested in him/her at one time or at various points of time within the Exercise Period;
  - (i) to prescribe, amend and rescind rules and regulations or terms relating to the Scheme;
  - (j) to construe and interpret the terms of the Scheme and Options granted pursuant to the Scheme, as well as terms of any Letter of Grant;
  - (k) the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, demerger, amalgamation, sale of division, business transfer and others. In this regard following shall be taken into consideration by the Compensation Committee –
    - (i) the number and the Exercise Price of Options shall be adjusted in a manner such that total value of the Options remains the same after the corporate action;
    - (ii) for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;

- (iii) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Holders;

The matters as specified in the preceding clause may be specified in the Letter of Grant or may be intimated to the Option Holder from time to time.

All decisions, determinations and interpretations of the Compensation Committee shall be at the sole discretion of the Committee and shall be final and binding on all Employees and Option Holders.

- c) The Compensation Committee shall frame suitable policies and systems to ensure that there is no violation of :-
  - (v) Securities and Exchange Board of India (Insider Trading) Regulations, 1992;
  - (vi) SEBI ESOS Guidelines; and
  - (vii) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trading Practice relating to the Securities Market) Regulations, 1995
  - (viii) The guidelines issued under the Income-tax Act, 1961, for grant of ESOPs so as to be eligible for exemption thereunder.
- d) The Scheme shall be effective on receipt of the approval from the shareholders in the Shareholders' Meeting.

#### **(14) AMENDMENT AND TERMINATION OF THE SCHEME**

- a) The Compensation Committee may at any time amend, alter, suspend or terminate the Scheme, to the extent, subject to and after compliance with the requirements of Applicable Laws, provided that the Company shall not vary the terms of the Scheme in any manner which may be detrimental to the interests of the Option Holders.
- b) The Company may by a special resolution in a general meeting vary the terms of the Scheme offered pursuant to an earlier resolution of a general body but not yet exercised by the Option Holders provided such variation is not prejudicial to the interests of the Option Holders.
- c) Termination of the Scheme shall not affect the Compensation Committee's ability to exercise the powers granted to it hereunder with respect to Options granted under the Scheme prior to the date of such termination
- d) Any change, amendment, etc. under this clause shall be subject to obtaining of approvals from concerned authorities and so long as otherwise such change, etc. is in accordance with the statutory provisions, guidelines, etc.

#### **(15) GENERAL**

- a) This Scheme, in terms of having binding effect, is a private contract between the Company and the Employee specified in the Letter of Grant of which this document is an integral part. It does not create any right or benefit for persons other than between the Company and the specific Employee who has been issued a Letter of Grant of which this document forms a part. The parties hereto recognize that the Company may provide for different terms, to the extent permissible under Applicable Law, for different Eligible Employees especially employees on long leave as may be decided by the Compensation Committee.
- b) The Company shall be entitled to file this Scheme with such authorities and persons as it may be required under law to file or where it deems fit.
- c) This Scheme shall not form part of any contract of employment between the Company and the Employee/Option Holder. The rights and obligations of any individual under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in and nothing in this Scheme shall be construed as affording such an individual any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.
- d) This Scheme shall be subject to all Applicable Laws, rules, and regulations and to such approvals by any governmental agencies as may be required. The Grant of Options under this Scheme shall entitle the Company to require the Option Holders to comply with such requirements of law as may be necessary in the opinion of the Company.

## Mastek Limited

- e) Participation in this Scheme shall not be construed as any assurance of any form whatsoever including any guarantee of return on the equity investment. Any risks associated with the investment are that of the Option Holder alone.
- f) All costs and expenses with respect to the adoption of the Scheme and in connection with the registration of Shares shall be borne by the Company; provided, however, that except as otherwise specifically provided in the Scheme or in any agreement between the Company and an Option holder, the Company shall not be obliged to pay any costs or expenses (including legal fees) incurred by any Option Holder in connection with any Option held by such Option Holder or transfer or other dealing with Shares held by an Option Holder pursuant to Exercise of Options.
- g) In the event of any tax liability, present or future, arising on account of the grant of the Options / conversion into shares / transfer of shares to the employee , the liability shall be that of the employee alone and the Company shall be indemnified to the extent of income tax ,if any levied at any point of time . The Company shall have the right to deduct tax at source or demand and recover tax from the employee of such an amount as may be advised to it by the tax advisors at the time of grant or exercise of the Options.
- h) The Scheme shall continue to operate so long as there are un-issued or unexercised Options and thereafter shall continue to operate till the Compensation Committee decides to terminate the Scheme. The Scheme shall operate independently and parallel to any Scheme that may be presently existing. The Company may introduce new scheme or schemes that may have features, terms and conditions that are different from the Scheme.
- i) The Employee shall enter into such agreement, as the Company or its representative may desire from time to time to more fully and effectively implement this Scheme.

### 16. INTERPRETATION OF THE SCHEME AND OTHER ASPECTS

- a) In case of any doubts or disputes as to the meaning or interpretation of any clause or word of the Scheme or Letter of Grant to an Option Holder (including any amendments of modification thereto), the matter shall be referred for final determination to an arbitrator nominated by the Compensation Committee and the decision of such arbitrator shall be final and binding on the Company and the Option Holder. The Scheme and the Letter of Grant shall be subject to the laws of India and shall be subject to the jurisdiction of the Courts at Mumbai.
- b) If any clause, clauses or part thereof is found to be invalid or void on any account, the remaining of the clause or clauses shall continue to have full force any effect as if such clause, clauses or part thereof were not contained in the Scheme.

### 17. CONFIDENTIALITY

- a) The Employee who holds any Options/ Shares under the Scheme shall not divulge the details or terms of the Scheme, any Letter of Grant and his/her holding to any person except any disclosure as may be required as per Applicable Laws.

### 18. STATUTORY DISCLOSURES:

Kindly go through the Disclosure Document annexed to this Scheme and which is deemed to be a part of the Scheme.

### 19. DISCLOSURE AND ACCOUNTING POLICIES

The Company shall comply with disclosure and the accounting policies specified in the SEBI ESOS Guidelines and/or such other guidelines as may be applicable from time to time.

\* \* \* \* \*





Ref: NSE/LIST/6702

December 09, 2014

The Company Secretary  
Mastek Limited  
UNIT #106, SDF IV,  
Seepz, Andheri (E), Mumbai – 400096.

**Kind Attn.: Mr. Bhagwant Bhargawe**

Dear Sir,

**Sub: Observation letter for draft Scheme of Arrangement among Mastek Limited and Minefields Computers Private Limited and Majesco Software and Solutions India Private Limited and their respective shareholders and creditors.**

This has reference to draft Scheme of Arrangement among Mastek Limited and Minefields Computers Private Limited and Majesco Software and Solutions India Private Limited and their respective shareholders and creditors submitted to NSE vide your letter dated September 26, 2014.

Based on our letter reference no Ref: NSE/LIST/1157 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013, SEBI has vide letter dated December 09, 2014, has given following comments on the draft Composite Scheme of Arrangement and Amalgamation:

*“1. The Company shall ensure compliance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of ESOP issued by Resulting Company, Minefields Computers Pvt. Ltd.*

*2. The Company shall duly comply with various provisions of the Circulars.”*

Accordingly, we do hereby convey our ‘No-objection’ with limited reference to those matters having a bearing on listing/delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Companies to file the Scheme with Hon’ble High Court.

However, the listing of equity shares of Minefields Computers Private Limited (pursuant to the Scheme the name of Minefields Computers Private Limited will be changed to “MAJESCO LIMITED”) on the National Stock Exchange India Limited shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013. Further, Minefields Computers Private Limited shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authorities and Rules, Byelaws and Regulations of the Exchange.

The Company should also fulfil the Exchange’s criteria for listing such company and also comply with other applicable statutory requirements. However, the listing of shares of Minefields Computers Private Limited is at the discretion of the Exchange.

The listing of Minefields Computers Private Limited, pursuant to the Scheme of Arrangement shall be subject to SEBI approval & Company satisfying the following conditions:



1. To submit the Information Memorandum containing all the information about Minefields Computers Private Limited and its group companies in line with the disclosure requirements applicable for public through website of the Company.
2. To publish an advertisement in the newspaper containing all the information about Minefields Computers Private Limited in line with the details required as per SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as NSE.
3. To disclose all material information about Minefields Computers Private Limited to NSE on the continuous basis so as to make the same public, in addition to the requirements, if any, specified in Listing Agreement for disclosure about the subsidiaries.
4. The following provision shall be incorporated in the scheme:
  - (a) "The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange."
  - (b) "There shall be no change in the shareholding pattern or control in Minefields Computers Private Limited between the record date and the listing which may affect the status of this approval."

However, the Exchange reserves its rights to withdraw this No-objection approval at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from December 09, 2014, within which the Scheme shall be submitted to the Hon'ble High Court. Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, you shall submit to NSE the following:

- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013.

Yours faithfully,  
For National Stock Exchange of India Limited

Kamlesh Patel  
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL  
[http://www.nseindia.com/corporates/content/further\\_issues.htm](http://www.nseindia.com/corporates/content/further_issues.htm)

This Document is Digitally Signed



Signer : Patel Kamlesh  
Date : Tue, Dec 9, 2014 18:59:41 GMT+05:30  
Location: NSE

BSE Limited (Registered Office) Floor 25, P/ Towers, Dalal Street, Mumbai-400 001 India  
 T: +91 22 23721234 / F: +91 22 23721000; www.bseindia.com  
 Company Registry Number: U67120MH2007PLC175148

DCS/AMAL/LP/24(F)/239/2014-15



The Company Secretary  
**MASTEK LTD**  
 804 / 805, President House,  
 Opp C N Vidyaiaya, Near Ambawadi Circle,  
 Ahmedabad ,Gujarat ,380005.

Dear Sir / Madam,

**Sub: Observation letter regarding the Scheme of Arrangement between Mastek Limited, Mindfields Computers Private Limited and Majesco Software and Solutions India Private Limited.**

We refer to your draft Scheme of Arrangement between Mastek Limited, Mindfields Computers Private Limited and Majesco Software & Solutions India Private Limited.

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI has vide its letter dated December 09, 2014 given the following comment(s) on the draft scheme of arrangement:

- ***The Company shall ensure compliance with SEBI (Employee Stock Option Scheme and Option Stock Purchase Scheme) Guidelines, 1999 in respect of ESOP issued by Resulting company, Mindfields Computers Pvt. Ltd.***
- ***The company shall duly comply with various provisions of the Circulars.***

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

However, the listing of equity shares of Mindfields Computers Private Ltd on the BSE Limited, shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. Further, Mindfields Computers Private Ltd. shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange

The Company shall fulfill the Exchange's criteria for listing the securities of such company and also comply with other applicable statutory requirements. However, the listing of shares of Mindfields Computers Private Ltd is at the discretion of the Exchange. In addition to the above, the listing of Mindfields Computers Private Ltd pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions:

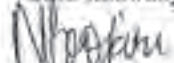
1. To submit the Information Memorandum containing all the information about Mindfields Computers Private Ltd and its group companies in line with the disclosure requirements applicable for public issues with BSE, for making the same available to the public through the website of the Exchange. Further, the company is also advised to make the same available to the public through its website.
2. To publish an advertisement in the newspapers containing all the information about Mindfields Computers Private Ltd in line with the details required as per the aforesaid SEBI circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BSE.
3. To disclose all the material information about Mindfields Computers Private Ltd to BSE on a continuous basis so as to make the same public, in addition to the requirements if any, specified in Listing Agreement for disclosures about the subsidiaries.
4. The following provisions shall be incorporated in the scheme:
  - v) The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange."
  - vi) "There shall be no change in the shareholding pattern in Mindfields Computers Private Ltd between the record date and the listing which may affect the status of this approval."

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also in your application for approval of the scheme of arrangement.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Status of compliance with the Observation Letter/s of the stock exchanges;
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of this Circular.

Yours faithfully,  
  
Nitin Pujari  
Manager

  
Lalit Phatak  
Asst. Manager



Mastek Limited, # 106/107, SDF-IV, Seepz, Andheri (E), Mumbai 400 096, India.  
T: +91 22 6695 2222 / 2824 7999 Fax +91 22 6695 1337 www.mastek.com

Date: October 20, 2014

**National Stock Exchange of India Ltd.**  
Exchange Plaza  
Plot no. C/1, G Block  
Bandra-Kurla Complex  
Bandra (E), Mumbai - 400 051  
Tel No. 22723121  
Fax No.022-22723121/22723719

**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001  
Tel No.:-26598100  
Fax No. 022-26598237/26598238

Dear Sir,

**Sub: Demerger of Insurance Products and Services business of Mastek Limited ("Demerged Company" or "Mastek") into Minefields Computers Private Limited, to be renamed as Majesco Limited ("Majesco") and slump sale of Offshore Insurance Operations by Majesco to Majesco Software and Solutions India Private Limited ("MSSIPL"), a wholly owned subsidiary of MajescoMastek Insurance Software And Solutions Inc. ("MMISS") ("Proposed Restructuring") under the scheme of arrangement ("Scheme")**

In connection with the captioned subject, please find enclosed the complaint report for the period September 26, 2014 – October 19, 2014.

For and on behalf of Mastek Limited

Bhagwant Bhargave  
Company Secretary



Mastek Limited, # 106/107, SDF-IV, Seepz, Andheri (E), Mumbai 400 096, India.  
Tel: +91 22 6695 2222 / 2824 7999 Fax: +91 22 6695 1331 www.mastek.com



**Complaint Report**

**Part A**

Sr. No.	Particulars	Number
1.	Number of complaints received directly	NIL
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total Number of complaints/comments received (1+2)	NIL
4.	Number of complaints resolved	NIL
5.	Number of complaints pending	NIL

**Part B**

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not Applicable	Not Applicable	Not Applicable



# Walker Chandok & Co LLP

STRICTLY PRIVATE & CONFIDENTIAL

To,  
 The Board of Directors,  
 Mastek Limited,  
 #106, SDP IV, Seepa,  
 Andheri (East)  
 Mumbai 400 096

Walker Chandok & Co LLP  
 Formerly Walker, Chandok & Co  
 106 Floor, Tower F  
 Indira Park Centre  
 29 Mag. Uptown 503  
 Mumbai 400013  
 India  
 T +91 22 6626 2500  
 F +91 22 6626 2601

13 September 2014

Dear Sirs,

Re: Recommendation of fair equity share entitlement ratio for the proposed Demerger of Insurance Products & Services Business of Mastek Limited into Minifields Computers Private Limited and subsequent Valuation of Offshore Insurance Operations of Minifields Computers Private Limited for the proposed Slump Sale of Offshore Insurance Operations

This has reference to our engagement letter and the discussions that we have had with the executives, representatives and management of Mastek Limited ("Mastek") from time to time in relation to the above matter.

## SCOPE AND PURPOSE OF THIS REPORT

### Mastek Limited

Mastek is a publicly listed company established in 1982, and is a leading global technology and intellectual property-led IT company, providing enterprise solutions to insurance, government, healthcare and financial services companies worldwide.

Mastek's shares are listed on the Bombay Stock Exchange and the National Stock Exchange.

Mastek has two distinct business verticals. The first pertains to the Software Products business ("Insurance Products & Services Business") focused on Property & Casualty Insurance (P&C) and Life and Annuity Insurance (L&A) businesses and primarily serving the North American markets, with some customers in other jurisdictions like India, Malaysia, Thailand and UK. The second vertical pertains to the Vertical Solutions business, which provides software solutions to various clients. This business is largely focused on the UK market.

For MASTEK LIMITED

  
 BHAGWANT BHARGAVA  
 COMPANY SECRETARY

Chartered Accountant

Offices in Bangalore, Chandigarh, Chennai, Coimbatore, Hyderabad, Kolkata, Mumbai, New Delhi, Noida and Pune



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Walker Chandok & Co LLP is registered with Internal Audit  
 with qualifications issued by ICAI and is registered  
 office at L.A. Conventry Cross, New Delhi, 110021, India.

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### **Minefields Computers Private Limited ("MCPL")**

MCPL is a private limited company incorporated under the Companies Act, 1956 and having its registered office at Mumbai.

### **Majesco Software and Solutions India Private Limited ("MSSIPL")**

MSSIPL is a private limited company which is proposed to be incorporated under the Companies Act, 2013 with its registered office in Gujarat.

### **Scheme of Arrangement**

We have been given to understand that as part of a tax-efficient restructuring exercise through a scheme of arrangement ("Proposed Scheme") under the provisions of Sections 391 and 39A, read with Sections 100 to 103, of the Companies Act, 1956, Mastek is considering the following:

- A demerger of the Insurance Products & Services Business to MCPL (the proposed "Demerger") on a going concern basis, with equity shares of MCPL being issued to the equity shareholders of Mastek;
- Subsequent stamp sale of the offshore insurance operations, which is part of the Insurance Products & Services Business of Mastek transferred to MCPL ("Offshore Insurance Operations"), as a going concern to MSSIPL by MCPL (the proposed "Stamp Sale"), together called "the Transactions".

We understand that the appointed date for the proposed Demerger is 1 April 2014 ("First Appointed Date"); we have accordingly been indicated by Mastek to consider the valuation date for calculation of the fair equity share entitlement ratio for the proposed Demerger as at close of business hours of 31 March 2014 ("Demerger Valuation Date").

We also understand that the appointed date for the proposed Stamp Sale is 1 November 2014 ("Second Appointed Date"); we have accordingly considered the latest quarter ended, 30 June 2014, as the valuation date for the proposed Stamp Sale ("Stamp Sale Valuation Date").

In this connection, Walker Chandok & Co LLP has been requested by Mastek to submit a report recommending the following for the consideration of the Board of Mastek:

- the fair equity share entitlement ratio in the event of the proposed Demerger of Mastek's Insurance Products & Services Business into MCPL;
- the fair valuation of the Offshore Insurance Operations for the proposed Stamp Sale by MCPL to MSSIPL.





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As requested, this report recommends, what in our opinion, is a fair and equitable share consideration of equity shares of MCPL to the equity shareholders of Mastek in the event of the proposed Demerger of the Insurance Products & Services Business into MCPL.

We have further carried out a fair valuation of the Offshore Insurance Operations in connection with the proposed Group Sale of the Offshore Insurance Operations by MCPL to MSSIFL.

This report, and the information contained herein, is absolutely confidential. This report will be placed before the Audit Committee and the Board of Mastek and to the extent mandatorily required under applicable laws of India, maybe produced before judicial, regulatory or government authorities, in connection with the proposed Transactions. We are not responsible to any other person/ party for any decision of such person or party based on this report. Any person/ party intending to provide finance / invest in the shares / business of Mastek/ MCPL/ MSSIFL or their holding companies / subsidiaries / associates / joint ventures shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is hereby notified that reproduction, copying or otherwise quoting of this report or any part thereof, other than for the aforementioned purpose, is not permitted.

**SOURCES OF INFORMATION**

The information and documents, which have been furnished to us by Mastek, are as under:

1. Unaudited and provisional extracted statement of assets and liabilities of the Offshore Insurance Operations as on 30 June 2014.
2. Unaudited and provisional extracted profit and loss account of the Offshore Insurance Operations for year ended 31 March 2014, and quarter ended 30 June 2014.
3. Forecasted extracted profit and loss account of the Offshore Insurance Operations for year ended 31 March 2015.
4. Forecasted extracted statement of assets and liabilities of the Offshore Insurance Operations as on 1 November 2014.
5. Draft Scheme of Arrangement.
6. Other relevant details regarding Mastek, Insurance Products & Services Business, Offshore Insurance Operations, MCPL, MSSIFL, and the proposed Transactions.
7. International databases and other relevant information and data, including information in the public domain.

We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the executives, representatives and management of Mastek.



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It may be mentioned that Mastek has been provided opportunity to review the draft report (including our valuation analysis and recommendations) for the current exercise as part of our standard practice to make sure that factual inaccuracies are avoided in our report.

### SCOPE LIMITATIONS

Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in entirety, and not in parts, in conjunction with the relevant documents referred to therein.

Our work does not constitute an audit, due diligence or certification of the historical financial statements including the projected working results of Mastek/ Insurance Products & Services Business/ Offshore Insurance Operations/ MCPL/ MSSPL, referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report. Valuation analysis and track are specific to the purpose of valuation and the valuation date is as agreed per terms of the engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

Valuation analysis and results are also specific to the date of this report. A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. This report is issued on the understanding that Mastek has drawn our attention to all the matters, which they are aware of concerning the financial position of Mastek/ Insurance Products & Services Business/ Offshore Insurance Operations/ MCPL/ MSSPL and any other matter, which may have an impact on our opinion, on the fair equity share entitlement ratio for the proposed Divestiture and fair valuation for the proposed Share Sale, including any significant changes that have taken place or are likely to take place in the financial position of Mastek/ Insurance Products & Services Business/ Offshore Insurance Operations/ MCPL/ MSSPL, subsequent to the proposed First and Second Appointed Date for the proposed Transactions. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

In the course of the valuation, we were provided with both written and verbal information, including financial and operating data. We have evaluated the information provided to us by Mastek through limited inquiry and analysis (but have not carried out a due diligence or audit or review of Mastek/ Insurance Products & Services Business/ Offshore Insurance Operations/ MCPL/ MSSPL for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Also, we have been given to understand by the management of Mastek that it has not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility for any errors in the above information furnished by Mastek and their impact on the present exercise.

Page 4 of 11



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We express no opinion on the achievability of the forecast relating to Mastek/ Insurance Products & Services Business/ Offshore Insurance Operations/ MCPL/ MSSPL, given to us by Mastek. The future plans of Mastek/ Insurance Products & Services Business/ Offshore Insurance Operations/ MCPL/ MSSPL, are the responsibility of their respective managements. The assumptions used in their preparation, as we have been explained, are based on the management's present expectation of both - the most likely set of future business events and circumstances and the respective management's course of action related to them. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period may differ from the forecast and such differences may be material.

Our report is not, nor should it be construed as, our opinion or certifying the compliance of the proposed Demerger and proposed Stamp Sale with the provisions of any law including companies, taxation and capital market related laws or as regards any legal, accounting or taxation implications or issues arising from such proposed Transactions.

We have not conducted or provided an analysis or prepared a model for any fixed assets valuation and have wholly relied on information provided by Mastek in that regard.

The fee for this report is not contingent upon the results reported.

This report does not address the relative merits of the Transactions as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. Any decision by the Client regarding whether or not to proceed with the Transactions shall rest solely with the Client. We owe responsibility to only the directors of Mastek that have retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this valuation report.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Demerger and Stamp Sale. In addition, we express no opinion or recommendation as to how the shareholders of Mastek/ Insurance Products & Services Business/ Offshore Insurance Operations/ MCPL/ MSSPL should vote at any shareholders meeting(s) to be held in connection with the Transactions.

*(This section has intentionally been left blank)*



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**BACKGROUND**

**Mastek Limited**

Mastek is a publicly listed company established in 1982, and is a leading global technology and intellectual property-led IT company, providing enterprise solutions to insurance, government, healthcare and financial services companies worldwide. The IT solutions and services provided by Mastek include custom application development, application management outsourcing, consulting, legacy modernization and migration, and system integration. Mastek is headquartered in Mumbai, India and operates across the US, UK, India and Asia-Pacific. Mastek has received ISO 9001 certification for quality management, and its delivery processes have been assessed at SEI-CMM Level 3 and F-CMM Level. Mastek's shares are listed on the Bombay Stock Exchange and the National Stock Exchange.

Mastek has two distinct business verticals:

**Insurance Products and Services** – This business vertical includes both overseas and India focused Property & Casualty Insurance Business ("P&C") and Life and Annuity Insurance ("LIA") business. The vertical is a high value business which is primarily focused on the North American markets, with some customers in other jurisdictions like India, Malaysia, Thailand and UK.

**Vertical Solutions Business** – This business vertical provides software solutions to various clients. This business is largely focused on the UK market.

The issued, subscribed and paid up equity share capital of Mastek as at 31 March 2014 is as under:

Issued, Subscribed and Paid-up Capital	No. of shares
Equity shares of Rs. 5 each	2,21,60,680

The equity shares of Mastek are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. We are informed that as of this report date, the number of issued shares of Mastek is 22,296,262.

**Minefields Computers Private Limited ("MCPL")**

MCPL is a private limited company incorporated under the Companies Act, 1956 and having its registered office in Mumbai.

The issued, subscribed and paid up equity share capital of MCPL as at 31 March 2014 is as under:

Issued, Subscribed and Paid-up Capital	No. of shares
Equity shares of Rs. 10 each	10,000



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As per the Proposed Scheme, the above shares will get cancelled post the Demerger and new shares with the face value of Rs. 5 each shall be issued.

**Majesco Software and Solutions India Private Limited ("MSSIPL")**

Majesco Software and Solutions India Private Limited is a private limited company which is proposed to be incorporated under the Companies Act, 2013 with its registered office in Gujarat.

**Insurance Products & Services Business:**

Insurance Products & Services Business pertains to the Software Products business of Mastek, focused on Property & Casualty Insurance (P&C) and Life and Annuity Insurance (L&A) businesses and primarily serving the North American markets, with some customers in other jurisdictions like India, Malaysia, Thailand and UK.

**Offshore Insurance Operations:**

This is a subset of the Insurance Products & Services Business, pertaining to the global delivery business, and focusing mainly on the North American markets.

**APPROACH - FAIR EQUITY SHARE ENTITLEMENT RATIO FOR PROPOSED DEMERGER**

As per the Proposed Scheme, in consideration of the transfer and vesting of the Insurance Products & Services Business of Mastek into MCPL, MCPL shall issue & allot equity shares to the equity shareholders of Mastek based on the share entitlement ratio.

We understand from the management of Mastek that in the event of demerger of the Insurance Products & Services Business of Mastek into MCPL, the ratio of allotment of equity shares to the shareholders of Mastek is determined on the basis of deemed capital structure of MCPL (post-demerger). The management of Mastek has further indicated that the shareholding of MCPL pursuant to the proposed Demerger of the Insurance Products & Services Business of Mastek into MCPL would be, effectively, same as the shareholding of Mastek (pre-demerger) as the new shares of MCPL would be issued to the shareholders of Mastek in proportion to their shareholding in Mastek (pre-demerger). Thus, we understand that the interest of the shareholders in the Insurance Products & Services Business of Mastek will effectively remain unchanged and therefore from that perspective would not be prejudicially affected.

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### RECOMMENDATION OF FAIR EQUITY SHARE ENTITLEMENT RATIO FOR THE PROPOSED DEMERGER

On the basis of the foregoing, as proposed by the management of Mastek, a share entitlement ratio in the event of Demerger of the Insurance Products & Services Business of Mastek into MCPL would be as follows:

1 (one) fully paid equity share of Rs. 5 (Rupees Five) each of MCPL for every 1 (one) fully paid equity share of Rs. 5 (Rupees Five) each held in Mastek.

### APPROACH - FAIR VALUATION FOR PROPOSED SLUMP SALE

The Proposed Scheme contemplates the Slump Sale of the Offshore Insurance Operations by MCPL to MSSIFL.

The standard of value used in our analysis is fair value which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale in the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act. Valuation of an enterprise or its equity shares is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be even prepared to pay goodwill. This exercise may be carried out using generally accepted methodologies, the relative emphasis of each often varying with the factors such as

- Specific nature of the business
- Whether the entity is listed on a stock exchange
- Industry to which the company belongs
- Past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated
- Extent to which industry and comparable company information is available

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. The aforesaid valuation techniques can be broadly categorised as follows:

*(This section has intentionally been left blank)*

Page 8 of 11



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**Asset Based**• **Net Asset Value Method (NAV)**

The value arrived at under this approach is based on the Audited or Unaudited / Provisional financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. Under this method, the net assets as per the financial statements are adjusted for market value of surplus / non-operating assets, potential and contingent liabilities, if any. The Net Asset Value is generally used as the minimum break-up value for any business since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. As a result, we have not considered this method for valuation of the Offshore Insurance Operations.

**Market Based**• **Comparable Companies Multiples Method**

Under this method, value of the shares of a company is arrived at by capitalising its future estimated earnings - Revenue, EBITDA, EBIT or PAT - by an appropriate earnings multiple (either the Revenue, EBITDA, EBIT or the PE Multiple). Generally value of a business is forward looking. Thus, what is most relevant is the future earnings potential of the business. In this context the projections of future working results and maintainable earnings at the end of the current year are used for the purposes of determining the value of the equity shares of the company. In determining the capitalisation factor i.e. Revenue, EBITDA, EBIT or PE Multiple, one may consider share quoted in respect of companies engaged in the same business as the company whose shares are being valued. Dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued would need to be adjusted.

We have performed a search for suitable comparable companies for the Offshore Insurance Operations to derive an appropriate capitalization rate/ multiple and have accordingly considered this method in our present fair valuation exercise.

• **Precedent Transaction Multiple Approach**

This method is similar to the Comparable Companies Multiples Method, with the exception that the companies used as guidelines are those that have been recently acquired. Under the Precedent Transaction Multiple Method, acquisitions or divestitures involving similar companies/ businesses are identified, and the multiples implied by their purchase prices are used to assess the subject company's/ business's value. There is an onus on them for the appropriate age of a reasonable



## Walker Chandio & Co LLP

transaction, however it is important to be aware of the competitive market at the time of the transaction, synergies included in the transaction value negotiated and hence factor any changes in the marketplace environment or underlying synergies into the analysis. All other things being equal, the more reliable the value arrived at using this technique.

We have not used this method for the valuation of the Offshore Insurance Operations due to lack of availability of recent transactions involving closely comparable companies/ businesses.

### • Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inherent in the value of the shares.

In the present case, the Offshore Insurance Operations business is not listed on any stock exchange or on the Stamp Sale Valuation Date and hence no independent quoted market price is available. In light of the above, we have not considered this method in our current fair valuation exercise.

### Cash Flow Based

#### • Discounted Cash flow Method (DCF)

The DCF method uses the future free cash flows of the firm/ equity holders discounted by the cost of capital/ equity to arrive at the present value. In general, the DCF Method concentrates on cash generation potential of a business. Considering the Offshore Insurance Operations are a part of the total business of Mastek, independent projected financial information for the Offshore Insurance Operations was not available. We have therefore not considered this approach for the valuation of the Offshore Insurance Operations.

### Comparable Companies Multiples Method of Valuation of the Offshore Insurance Operations

As explained earlier, under this method, we have identified broadly comparable Indian publicly listed companies providing IT consulting services in the insurance vertical, with a mix of onshoring and offshoring operations, and then derived the average 1 year forward Price to Earnings ("P/E") multiple for these comparable companies as on the Stamp Sale Valuation Date. The 1 year forward P/E multiple has been considered to capture the expected PAT margin improvement of the Offshore Insurance Operations in the future. The average 1 year forward P/E multiple has then been adjusted downwards to account for comparability and marketability.

Page 10 of 11



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We have applied this adjusted 1 year forward P/E multiple to the Offshore Insurance Operations' 1 year forward (FY 2015) PAT to arrive at the Equity Value, as on the Slump Sale Valuation Date, of INR 219.9 Million.

## RECOMMENDATION OF FAIR VALUE OF OFFSHORE INSURANCE OPERATIONS FOR THE PROPOSED SLUMP SALE

On the basis of the foregoing, we have estimated the fair value of the Offshore Insurance Operations as on the Slump Sale Valuation Date based on the Comparable Companies Market Multiple Method of valuation at INR 219.9 Million.

*Walker Chandok & Co LLP*

Yours faithfully

For Walker Chandok & Co LLP

Firm Registration No: 001076N/NS00011

per Adi P. Sethua

Partner

Membership No: 308940

Place: Mumbai

CAUTION - ORIGINAL



September 15, 2014

Mastek Limited  
#100, SDF IV  
Sector, Andheri (East),  
Mumbai - 400 095

Dear Sirs,

Sub: Demerger of the Insurance Products and Services ("Insurance") business of Mastek Limited ("Mastek") into Minefields Computers Private Limited ("MCPL") followed by transfer of the Offshore Insurance Operations by the MCPL to Mallico Software and Solutions India Private Limited ("MSSIPL"), a wholly owned subsidiary of MallicoMastek Insurance Software and Solutions Inc. ("MMISS") ("Proposed Restructuring")

Mastek has requested us to issue a fairness opinion ("Opinion") from a financial point of view on the Share Entitlement Ratio and the Sale Consideration (as defined below) in relation to the Proposed Restructuring.

In arriving at our Opinion, we have reviewed historical financial and business information, listed stock price data, comparable companies and their valuation multiples. We have also reviewed certain publicly available information, and have taken into account such other matters as we deemed necessary including our assessment of general economic, market and monetary conditions. We have also reviewed the valuation report issued to Mastek by Walker Chandok & Co LLP, Chartered Accountants, dated September 13, 2014 recommending the share entitlement ratio as one fully paid equity share of MCPL with face value of Rs. 5/- per share for every 1 share of face value Rs. 5/- per share of Mastek for the demerger of Insurance business of Mastek into MCPL ("Share Entitlement Ratio") and the sale value of Rs. 219.9 million for the transfer of the Offshore Insurance Operations by MCPL to MSSIPL ("Sale Consideration").

In addition to above, we have had discussions with members of the management of Mastek on the past and current business operations of the concerned businesses, their future prospects and operations, and have received a management representation letter from Mastek dated September 13, 2014 ("Management Representation Letter").

Further, we have had discussions with Walker Chandok & Co LLP, Chartered Accountants, the valuation advisor, on such matters which we believed were necessary or appropriate for the purpose of issuing this Opinion.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed good and marketable and we would urge Mastek, MCPL and MSSIPL to carry out an independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment.

In giving our Opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of all information supplied or otherwise made available to us either in oral or written form, discussed with or reviewed by or for us, or publicly available. We have been given to understand that all information that was relevant for the purpose of our exercise was disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed. We have not conducted any evaluation or appraisal of any assets or liabilities of Mastek, MCPL or MSSIPL, nor have we evaluated the solvency or fair value of Mastek or MCPL or MSSIPL, under any laws relating to bankruptcy, insolvency or similar matters. In addition, we have not assumed any obligation to conduct any physical inspection of the properties or facilities of Mastek, MCPL or MSSIPL. We have also assumed that the final Scheme of Arrangement will be substantially the same as the scheme discussed with and reviewed by us.

Our Opinion does not factor overall economic environment risk and other risks and is purely based on the information and representations provided to us. We have not assumed the risk of any material adverse change having an impact on the businesses of Mastek, MCPL or MSSIPL in arriving at our final Opinion.

We express no view as to, and our Opinion does not address, the underlying business decision of Mastek, MCPL or MSSIPL to effect the Proposed Restructuring or the merits of the Proposed Restructuring. Our Opinion does not constitute a recommendation to any shareholder or creditor of Mastek, MCPL or MSSIPL as to how such shareholder or creditor should vote on the Proposed Restructuring or any matter related thereto. In addition, this

Kotak Mahindra Capital Company Limited

(THE LISTED MEMBER OF SEBI) (C) (P) (A) (M) (C)

Investment Office

278KC

K-27, 4th Floor

Sector 42, Gurgaon

Andheri (East), Mumbai - 400 095

+91 (0) 22 43000000

+91 (0) 22 43000000

+91 (0) 22 43000000

For MASTEK LIMITED

BHAGWANT BHARGAWA  
COMPANY SECRETARY



## Investment Banking

Opinion does not address the fairness to, or any other consideration, to the creditors or other constituencies of Mastek, MCPL or MSSPL. We are not expressing any opinion herein as to the prices at which the shares of Mastek, MCPL or MSSPL will trade following the announcement or consummation of the proposed transaction or as to the prices at which the shares of Mastek, MCPL or MSSPL may be transacted.

Our Opinion is not and does not purport to be an appraisal or otherwise reflective of the prices at which any business or securities actually could be ideally bought or sold by any party and are not indicative of actual value or actual future results that might be achieved, which value may be higher or lower than those indicated.

Our Opinion is necessarily based on financial, economic, market and other conditions as in effect on the date of this issuing the Opinion, and the information made available to us as of the date hereof, including the capital structure of Mastek, MCPL or MSSPL. It should be understood that subsequent developments may affect this Opinion and that we do not have any obligation to update, revise, or reaffirm this Opinion.

We will receive a fee for our services in connection with the delivery of this Opinion from Mastek. In addition, Mastek has agreed to indemnify us for certain potential liabilities arising out of our engagement.

We and our affiliates in the past have provided, and currently provide, services to Mastek, MCPL or MSSPL unrelated to the Proposed Restructuring for which services we and such affiliates have received and expect to receive compensation, including, without limitation as lenders and creditors and as financial advisors for the purchase/sale of assets/businesses by/to Mastek, MCPL or MSSPL (as the case may be) and as lead managers / underwriters in securities offerings of Mastek, MCPL or MSSPL.

In the ordinary course of business, we and our affiliates may actively trade or hold securities companies that may be the subject matter of this transaction for our own account or for the account of our customers and, accordingly, may at any time hold long or short position in such securities. In addition, we and our affiliates maintain relationships with Mastek, MCPL or MSSPL and their respective affiliates.

This Opinion is provided solely for the benefit of the Board of Directors of Mastek, and shall not confer rights or remedies upon any shareholder of Mastek, or any other person other than the members of the Board of Directors of Mastek, or be used for any other purpose. This Opinion may not be used or relied upon by nor is it issued for the benefit of any third party including shareholders for any purpose whatsoever or disclosed, referred to or communicated by you (in whole or in part) except with our prior written consent in each instance. Provided however, this opinion may only be disclosed as may be required under any applicable law in India and may be kept open for inspection by shareholders of Mastek, but we take no responsibility or liability for or arising out of any such disclosure. We specifically disclaim any responsibility to any third party to whom this Letter may be shown or who may acquire a copy of this Letter.

The laws of India govern all matters arising out of or relating to this Opinion (including, without limitation its interpretation, construction, performance, and enforcement).

With respect to any suit, action or any other proceedings relating to this Opinion the courts of competent jurisdiction at India shall have exclusive jurisdiction.

On the basis of and subject to the foregoing, it is our view that, as of the date hereof, the proposed Share Entitlement Ratio and the Sale Consideration is fair and reasonable from a financial point of view.

Yours faithfully,  
For Kotak Mahindra Capital Company Limited

  
Authorized Signatory

Certified True Copy



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**MASTEK LIMITED**

Regd. Office: 804/805, President House, Opp. C.N. Vidyalaya, Near Ambawadi Circle, Ahmedabad - 380 006  
(CIN: L74140GJ1982PLC005215)

**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD**

**ORIGINAL JURISDICTION**

**COMPANY APPLICATION NO.23 OF 2015**

In the matter of Scheme of Arrangement under Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956;

And

In the matter of Mastek Limited

A Company registered under the Companies Act, 1956 and having its registered office at 804/805, President House, Opp. C. N. Vidyalaya, Nr. Ambawadi Circle, Ahmedabad, 380 006 in the state of Gujarat.

And

In the matter of Scheme of Arrangement in the nature of Demerger of Insurance Products and Services Business of Mastek Limited to Minefields Computers Limited and slump sale of Offshore Insurance Operations by Minefields Computers Limited to Majesco Software And Solutions India Private Limited.

**MASTEK LIMITED,**

A Company registered under the Companies Act, 1956 and having its registered office at 804/805, President House, Opp. C. N. Vidyalaya, Nr. Ambawadi Circle, Ahmedabad, 380 006 in the state of Gujarat.....

Demerged Company

**FORM OF PROXY**

I / We, the undersigned, the Secured Creditor of Mastek Limited, do hereby appoint Mr./Ms. .... of ..... and failing him/her ..... of..... as my / our Proxy to act for me / us at the Court Convened meeting of the Secured Creditors of Mastek Limited to be held on Thursday, the 5<sup>th</sup> day of March 2015 at 10:00 a.m., at the H. T. Parekh Hall on First Floor, Ahmedabad Management Association, AMA Complex, ATRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, in the state of Gujarat; for the purpose of considering, and if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement in the nature of demerger of Insurance Products and Services Business of Mastek Limited to Minefields Computers Limited and further slump sale of Offshore Insurance Operations by Minefields Computers Limited to Majesco Software And Solutions India Private Limited; (the "Scheme of Arrangement"), and at such meeting and any adjournment/ adjournments thereof, to vote, for me/ us and in my / our name ..... (here, "if for" insert "for", "if against" insert "against" and in the latter case, strike out the words below after "Scheme") the said Scheme either with or without modification(s) as my/ our proxy may approve.

# Mastek Limited

Dated this \_\_\_\_ day of \_\_\_\_\_, 2015

Name : .....

Address : .....

.....

.....



Signature across the stamp

## Notes:

1. Please affix Revenue Stamp before putting signature.
2. The Form of Proxy must be deposited at the Registered Office of Mastek Limited at 804/805, President House, Opp. C. N. Vidyalaya, Nr. Ambawadi Circle, Ahmedabad, 380 006 in the state of Gujarat not less than 48 (Forty Eight) hours before the time of holding the aforesaid meeting.
3. If you are a body corporate, as the secured creditor, a copy of the Resolution of the Board of Directors or the governing body authorizing such person to act as its representative/proxy at the meeting and certified to be a true copy by a Director, the manager, the secretary or any other authorised officer of such body corporate must be lodged with Mastek Limited at its Registered Office not later than 48 (Forty Eight) hours before the meeting.
4. A proxy need not be a secured creditor of Mastek Limited.
5. All alterations made in the Form of Proxy should be initialled.
6. In case of multiple Proxies, the Proxy received later in time shall be accepted.

**MASTEK LIMITED**

Regd. Office: 804/805, President House, Opp. C.N. Vidyalaya, Near Ambawadi Circle, Ahmedabad - 380 006  
(CIN: L74140GJ1982PLC005215)

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**ATTENDANCE SLIP**

I/We \_\_\_\_\_ (Name of Secured Creditor/Proxy) hereby record my presence at the Meeting, convened pursuant to the Orders of the Hon'ble High Court of Judicature of Gujarat, of the meeting of the Secured Creditors of Mastek Limited to be held at H. T. Parekh Hall on First Floor, Ahmedabad Management Association, AMA Complex, ATRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, in the state of Gujarat on 5<sup>th</sup> March, 2015 at 10:00 a.m.

\_\_\_\_\_  
Signature of the Secured Creditor/Proxy

**Note:**

Please complete this attendance slip and hand it over at the entrance of the meeting hall. Secured Creditors who come to attend the meeting are requested to bring their copy of the Notice and Scheme of Arrangement.

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