



SOFTSOL INDIA LIMITED

CIN: L72200TG1990PLC011771

Registered Office: Plot No. 4, Software Units Layout,
Madhapur, Hyderabad - 500081, Telangana, India

Tel: +91 40 42568500, Fax: +91 40 42568600

Email: cs@softsol.com, Website: www.softsolindia.com

September 13, 2024

The Manager,
BSE Limited,
Corporate Relationship Department,
1st Floor, New Trading Ring,
Rotunda Building, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

Scrip Code: 532344

Dear Sir / Madam,

Subject: Copy of Order of the National Company Law Tribunal, Hyderabad Bench ("NCLT") in the matter of Scheme of Arrangement between Softsol India Limited ("Demerged Company") and Covance Softsol Limited ("Resulting Company") and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme")

Ref: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is in continuation to our earlier letter dated June 10, 2024 regarding Notice of hearing of the petition.

We would like to inform that the Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT"), approved the Scheme of Arrangement between Softsol India Limited ("Demerged Company") and Covance Softsol Limited ("Resulting Company") and their respective Shareholders and Creditors ("**Scheme**") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, vide its order dated September 12, 2024 ("**Order**").

A copy of the Order, as uploaded by the NCLT on its website, is enclosed herewith. The Company is in the process of obtaining the certified true copy of the said Order.

The Appointed Date for Scheme is April 01, 2023. The Scheme shall be effective after the receipt of the certified copy of the Order from the NCLT and its consequent filing with the Registrar of Companies, Hyderabad.

We would like to submit that there are no changes carried out by the NCLT in the final approved Scheme vis-a-vis the draft Scheme approved by SEBI / BSE Limited.

We request you to take the above on record and the same be treated as compliance under the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you,

Yours faithfully,
For **SoftSol India Limited**

Musinam Nagaraju
Company Secretary &
Compliance Officer

Encl.: As above.



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – II**

**CP (CAA) No.17/230/HDB/2024
connected with
CA (CAA) No.06/230/HDB/2024**

[Section 230 r/w Section 232 read of the Companies Act, 2023]

In the matter of Scheme of Arrangement

Between

**M/s.Softsol India Limited
(Demerged Company)**

And

**M/s.Covance Softsol Limited
(Resulting Company)**

And

Their respective Shareholders and Creditors

M/s.Softsol India Limited,
having its Registered Office at:
Plot No.4, Infocity, Madhapur,
Hyderabad, Telangana – 500032.
Represented by its Company Secretary
Mr.Musinam Nagaraju.

.... First Petitioner/Demerged

M/s.Covance Softsol Limited,
having its Registered Office at:
Plot No.4, Infocity, Madhapur,
Hyderabad, Telangana – 500032.
Represented by its Director
Mr.Bhaskar Rao Madala.

.... Second Petitioner/Resulting Company

Date of Order:12.09.2024



Coram:

Hon'ble Rajeev Bhardwaj, Member (Judicial)
Hon'ble Sanjay Puri, Member (Technical)

Counsel/Parties present:

For the Petitioner : Mr.M.Vijaya Kumar, PCS
For Regional Director : Mr.M.Jayakumar, RD(Ser)

[P E R : B E N C H]

ORDER

1. This is a Joint Petition filed by the Petitioner companies, under Section 232 r/w Section 230 and other applicable provisions of the Companies Act, 2013, praying for the sanction of Scheme of Arrangement between M/s.Softsol India Limited (Demerged Company) and M/s.Covance Softsol Limited (Resulting Company) collectively referred to as ('Petitioner Companies') and their respective shareholders and creditors with effect from April 01, 2023.
2. The Registered Offices of the Demerged Company and the Resulting Company are situated in the State of Telangana.
3. The facts of the case in brief are as follows:
 - I) (a) **SoftSol India Limited** ("Demerged Company") was incorporated under the Companies Act, 1956 under the name and style of "Napier Software Services Private Limited" on 20.09.1990. Subsequently, its name was changed to "SoftSol India Private Company" on 21.06.1999 and thereafter, it was converted from private company to a Public Company on 11.11.1999, named "SoftSol India Limited". Corporate Identification Number (CIN) of the Demerged Company is L72200TG1990PLC011771.

(Copy of the Certificate of Incorporation of the Demerged Company is at "Annexure-1").

The registered office of the Demerged Company is situated at Plot No. 4, Infocity, Madhapur, Hyderabad - 500032, Telangana, India.



- b) The present main objects of the Demerged Company are as follows:
- i. To carry on and provide consultancy services in the areas of computer management and engineering covering computerised information systems, feasibility studies, systems design and development computer based management information systems, on line real time systems, process control, distributed computing, data base design and implementation, operation systems, simulators, design of compilers, design and development, surveying and survey data systems, industrial engineering applications and all other related areas of computer technology and to establish, provide, maintain and conduct data processing facilities including provision of maintenance systems for mini micro and large computer systems and to act as dealers and/or agents for any computer or computer accessories manufactured in India and abroad and any software developed in India or abroad.
 - ii. To develop software for various organisations, including Computer manufactures Government or Industry, hospitals and health oriented organisations, education oriented organisations and institutions business agencies of all types and all types of service oriented organisations, in India and abroad and to conduct training programmes and to undertake research studies in computer services and management.
 - iii. To carry on the business of consultants advisers and/or technical experts on all matters and problems relating to systems integration, systems management manufacture of computer systems, process control systems. To analyse, collect, examine, consider, formulate, report and recommend all the means and /or methods for extending and/or developing and/or improving and/or promoting and/or managing any type of commerce, business or industry, organisation and methods, techniques and procedures. To consider and evaluate problems relating to manufacture, production, storage, distribution, finance, purchasing, marketing and sale and/or relating to the rendering of any service, to render the above services to any person, firm, company, trust, Association, Institution, Society, body corporate, Government or Government Department, public or local authority, any other organisation whatsoever and to render all such other services as may be ancillary or incidental to any of the foregoing matters and problems.



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- iv. To undertake, carry out, promote or assist studies, research and surveys in the designs, systems, methods, processes and all or any matters relating to the above fields including publishing and selling instruction manuals package programmes, applications and technical bulletins and collecting, preparing and providing information and statistics in connection therewith.
- v. To promote new industrial undertaking related to any of the above mentioned objectives.
- vi. To carry on the business of construction, development and maintenance of townships, houses, villas, apartments, other structures or premises for residential, commercial, educational or recreational purposes and also development of roads, bridges, infrastructural facilities or projects and also to take up all kinds of interior works, decorations, civil works and contracts, work contracts, infrastructure projects of any other person or organization including of Government. Also to act as and carry on activities as builders, contractors, sub-contractors, developers of land and structures, leasing of properties or spaces and architects. Also to undertake maintenance, upkeep and management of Properties. Also to carry on distribution, design, installation, sale, import, export, deal and maintenance of equipment related to green energy, water, wiring, security, electrical, HVAC, plumbing, escalators and other facilities and provisions used in projects similar to those listed above, both as integral to the above projects and also to carry on independently in the form of separate lines of business. And also to use modern technologies and solutions including use Artificial Intelligence (AI), Machine Learning, Internet of Things (IOT), and Cloud as applicable to disrupt and revolutionize the way such projects are done.

The Demerged Company has two primary business undertakings, one being the Software Business Undertaking and the other being Infrastructure Business.

(Copy of the Memorandum of Association of the Demerged Company is at Annexure-2).

- c) The authorized, issued, subscribed and paid-up share capital of the Demerged Company as on 31.12.2023 is as follows:

Share Capital	Amount in Indian Rupees
Authorized Share Capital	
5,00,00,000 Equity Shares of Rs.10/- each	50,00,00,000/-



Total	50,00,00,000/-
Issued Share Capital	
1,47,63,689 Equity Shares of Rs.10/- each	14,76,36,890/-
Subscribed and Paid-up Capital	
1,47,63,689 Equity Shares of Rs.10/- each	14,76,36,890/-

Subsequent to 31st December, 2023, there has been no change in the authorised, issued, subscribed and paid-up share capital of the Demerged Company.

The Demerged Company is the holding company of the Resulting Company.

(Certified copies of the Audited Financial Statements as on 31.03.2023 and Auditor reviewed Unaudited Financial results for the period ended 31.12.2023 of the Demerged Company are at Annexure - 3 and Annexure - 4 respectively)

II)(a)Covance SoftSol Limited (“Resulting Company”) was incorporated under the Companies Act, 2013 under the name and style of “**Covance SoftSol Limited**” on 11.08.2023 in the State of Telangana. Corporate Identification Number (CIN) of the Resulting Company is U62011TS2023PLC175979.

The registered office of the Resulting Company is situated at Plot No. 4, Infocity, Madhapur, Hyderabad - 500032, Telangana, India.

(Copy of the Certificate of Incorporation of the Resulting Company is at Annexure-5).

(b) The present main objects of the Resulting Company are as follows:

- i. To carry on and provide consultancy services in the areas of computer management and engineering covering computerised information systems, feasibility studies, systems design and development computer based management information systems, on line real time systems, process control, distributed computing, data base design and implementation, operation systems, simulators, design of compilers, design and development, surveying and survey data systems, industrial engineering applications and all other related areas of computer technology and to establish, provide, maintain and conduct data processing facilities including provision of maintenance systems for mini micro and large computer systems and to act as dealers and/or agents for any computer or computer



accessories manufactured in India and abroad and any software developed in India or abroad.

- ii. To develop software for various organisations, including Computer manufactures Government or Industry, hospitals and health oriented organisations, education oriented organisations and institutions business agencies of all types and all types of service oriented organisations, in India and abroad and to conduct training programmes and to undertake research studies in computer services and management.
- iii. To carry on the business of consultants advisers and/or technical experts on all matters and problems relating to systems integration, systems management manufacture of computer systems, process control systems. To analyse, collect, examine, consider, formulate, report and recommend all the means and/or methods for extending and/or developing and/or improving and/or promoting and/or managing any type of commerce, business or industry, organisation and methods, techniques and procedures. To consider and evaluate problems relating to manufacture, production, storage, distribution, finance, purchasing, marketing and sale and/ or relating to the rendering of any service, to render the above services to any person, firm, company, trust, Association, Institution, Society, body corporate, Government or Government Department, public or local authority, any other organisation whatsoever and to render all such other services as may be ancillary or incidental to any of the foregoing matters and problems.
- iv. To undertake, carry out, promote or assist studies, research and surveys in the designs, systems, methods, processes and all or any matters relating to the above fields including publishing and selling instruction manuals package programmes, applications and technical bulletins and collecting, preparing and providing information and statistics in connection therewith.
- v. To promote new industrial undertaking related to any of the above mentioned objectives.

(Copy of the Memorandum of Association of the Resulting Company is at Annexure-6).

- c) The authorized, issued, subscribed and paid-up share capital of the Resulting Company as on 31.12.2023 is as follows:



Share Capital	Amount in Indian Rupees
Authorized Capital	
1,50,00,000 Equity Shares of Rs.10/- each	15,00,00,000
T o t a l	15,00,00,00
Issued Share Capital	
10,000 Equity Shares of Rs.10/- each	1,00,000
Subscribed and Paid up Capital	
10,000 Equity Shares of Rs.10/- each	1,00,000

Subsequent to 31.12.2023, there has been no change in the authorised issued, subscribed and paid-up share capital of the Resulting Company. **(Certified copy of the Unaudited Provisional Financial Statement for the period ending 31.12.2023 of the Resulting Company is at Annexure -7)**

4. **Rationale of the Scheme:**

The transfer and vesting of the Demerged Undertaking into the Resulting Company pursuant to this Scheme shall be in the interest of all concerned stakeholders including shareholders, customers, creditors, employees and general public, in the following ways:

At present, the Demerged Company has two distinct categories of assets and operations – (a) IT and software technology related business, and (b) Tangible assets and holdings including income generating real estate and investments. Both the businesses of the Demerged Company address different market segments with unique opportunities and dynamics in terms of business strategy, customer set, geographic focus, competition, capabilities set, talent needs and distinct capital requirements. The transfer of the Demerged Undertaking into the Resulting Company will enable each business to sharpen their focus and organize their activities and resources to improve their offerings to their respective customers. This would help to improve their competitiveness, operational efficiency, agility and strengthen their position in relevant markets resulting in more sustainable growth and competitive advantage.



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- (i) Demerger will enable dedicated management focus, resources and skill set allocation to each business, enhance business operations by streamlining operations more efficient management control and outlining independent growth strategies.
- (ii) Further, as the two businesses have separate growth trajectories, risk profile and capital requirement, the segregation of the Demerged Undertaking and the Infrastructure Business will enable independent value discovery and lead to unlocking of economic value for each business and result in shareholder value maximization.

The Scheme is in the interests of all stakeholders of the Demerged Company and the Resulting Company.

5. **Overview of the Scheme:**

This Scheme of Arrangement amongst the Demerged Company and the Resulting Company and their respective shareholders and creditors is presented under Sections 230 to 232 and other applicable provisions of the Act for transfer and vesting of the Demerged Undertaking (as defined hereinafter) from the Demerged Company to the Resulting Company and other related matters. This Scheme provides for, simultaneously, the following:

- i. The demerger, transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company on a going concern basis, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company pursuant to Sections 230 to 232 and other relevant provisions of the Act in the manner provided for in the Scheme and in compliance with Section 2(19AA) of IT Act (as defined hereinafter) as elaborated in Part IV of the Scheme.
- ii. Reduction and cancellation of the entire pre-scheme share capital of the Resulting Company; and
- iii. Various other matters consequential or otherwise integrally connected therewith.

6. **Few of the significant terms of the Scheme of arrangement is as follows :**



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Demerger, transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company

Upon this Scheme becoming effective, and with effect from the Appointed Date, the Demerged Undertaking, together with all its rights, benefits, interests and obligations therein, shall, in accordance with Section 2(19AA) of the IT Act and Sections 230 to 232 and other applicable provisions of the Act without any further act, instrument or deed, stand transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company, as a going concern, and shall become the property of and an integral part of the Resulting Company.

(a) Transfer of Assets:

- (1) Upon this Scheme becoming effective, and with effect from the Appointed Date
 - (i) All the Assets of the Demerged Undertaking that are movable, in nature or incorporeal property or are otherwise capable of transfer by manual or constructive delivery or by endorsement and delivery or by vesting and recorded, pursuant to this Scheme, shall stand vested in the Resulting Company and shall become the property and an integral part of the Resulting Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual or constructive delivery or by endorsement and delivery or by vesting and recorded, as appropriate to the property being vested, and title to the property shall be deemed to have been transferred accordingly.
 - (ii) All the Assets of the Demerged Undertaking that are movable properties other than those described under sub-clause (i) above, including but not limited to trade investment, investments in mutual funds, companies, associate companies, fellow subsidiary, joint ventures and non-current investments, 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 Governmental Authority, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, become the property of the Resulting Company, and the same shall also be deemed to have been transferred by way of delivery of possession of the respective documents in this regard. It is clarified that upon the Scheme becoming effective, the Subsidiary set out



in Subsidiary Company Schedule shall cease to be Subsidiary of the Demerged Company and shall become subsidiary of the Resulting Company.

- (iii) Without prejudice to the generality of the foregoing, all estates, assets, rights, title, interests and authorities accrued to and/or acquired by the Demerged Company for or in relation to the Demerged Undertaking shall be deemed to have been accrued to and/or acquired for and on behalf of the Resulting Company and shall, upon this Scheme becoming effective, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been transferred to or vested in the Resulting Company to that extent and shall become the estates, assets, right, title, interests and authorities of the Resulting Company.
- (iv) All the Intellectual Property currently being used, primarily or solely, by the Demerged Undertaking, shall stand transferred to and be vested in the Resulting Company. The Demerged Company agrees to execute and deliver, at the request of the Resulting Company, all relevant documents and instruments required in respect of the Intellectual Property, to vest such rights, title and interest in the name of the Resulting Company and in order to update the records of the concerned registries, wherever applicable, to reflect the name and address of the Resulting Company as the current owner of the Intellectual Property. As part of this Scheme, the Demerged Company shall have the royalty free economic right to use, as a licensee, the Intellectual Property, in perpetuity from the Appointed Date, in accordance with such terms and conditions as may be mutually agreed.
- (v) All the intellectual property other than those set out in sub-clause (v) above, shall continue to be owned by the Demerged Company. As part of this Scheme, the Resulting Company shall have the royalty free economic right to use, as a licensee, the intellectual property other than those set out in sub-clause (v) above, in perpetuity from the Appointed Date, in accordance with such terms and conditions as may be mutually agreed. Notwithstanding anything contained in this clause, it is hereby clarified that the trademark 'SoftSol' shall continue to be owned by the Demerged Company. As part of the Scheme, the Resulting Company shall have the right to use the word 'SoftSol', in perpetuity from the Appointed Date, without payment of any royalty to the Demerged Company. The Demerged



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Company and the Resulting Company may enter into agreements in relation to the aforementioned arrangements for the word 'SoftSol'.

- (vi) Notwithstanding anything contained herein, it is hereby clarified that the Demerged Company and the Resulting Company shall be free to undertake further developments and enhancements to the intellectual property owned by them or licensed to them by the Demerged Company or Resulting Company (as the case may be) ("Derivative Intellectual Property"). In the event the Demerged Company or Resulting Company (as the case may be) is desirous of obtaining a license to use any Derivative Intellectual Property which it was not involved in developing (fully or partially), the charges for such Derivative Intellectual Property shall be decided between the Demerged Company and the Resulting Company on such terms and conditions as may be mutually agreed, in accordance with Applicable Laws.
- (vii) The Resulting Company shall, at any time after the Effective Date and as the successor entity of the Demerged Company, in relation to the Demerged Undertaking, if so required under any Applicable Law or otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Demerged Undertaking, including any filings with the regulatory authorities, in order to give formal effect to the above provisions. The Resulting Company shall, under the provisions hereof, be deemed to be authorised to execute any such writings in the name of and on behalf of the Demerged Company in relation to the Demerged Undertaking and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company, inter alia, in its capacity as the successor-in-interest of the Demerged Company in relation to the Demerged Undertaking.
- (viii) The past track record of the Demerged Company relating to the Demerged Undertaking, including without limitation, the profitability, production volumes, experience, credentials and market share, shall be deemed to be the track record of the Resulting Company for all commercial and regulatory purposes including for the purpose of eligibility, standing, evaluation and participation of the Resulting Company in all existing and future bids, tenders and contracts of all authorities, agencies and clients.



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- (ix) All the Licenses of the Demerged Undertaking shall stand transferred to and vested in the Resulting Company. Any other permits, licenses, consents, approvals, authorisations, quotas, rights, entitlements, allotments, concessions, exemptions, liberties, advantages, no-objection certificates, certifications, easements, tenancies, privileges and similar rights, and any waiver of the foregoing, as are held at present by the Demerged Company, but relate to or benefitting at present the Residual Business and the Demerger Undertaking, shall be deemed to constitute separate permits, licenses, consents, approvals, authorisations, quotas, rights, entitlements, allotments, concessions, exemptions, liberties, advantages, no-objection certificates, certifications, easements; tenancies, privileges and similar rights, and any waiver of the foregoing, and the necessary substitution/endorsement shall be made and duly recorded in the name of the Demerged Company and the Resulting Company by the relevant authorities pursuant to the sanction of this Scheme by the NCLT. It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this sub-clause, the said. third party or authority shall make and duly record the necessary substitution/endorsement in the name of the Resulting Company pursuant to sanction of this Scheme by the NCLT. For this purpose, the Resulting Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes.

(b) Transfer of Liabilities:

Upon this Scheme becoming effective, and with effect from the Appointed Date:

- i. All the Liabilities of the Demerged Undertaking shall without any further act, instrument or deed, become the liability of the Resulting Company and shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company, as the case may be, and the Resulting Company shall be liable to meet, discharge and satisfy the same in accordance with its terms. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities duties and obligations have arisen in order to give effect to the provisions of this sub-clause, It is clarified that the unsecured loan provided by the Demerged Company to SoftSol Resources Inc., a wholly owned



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subsidiary, for its software business activities in US, will not be forming a part of the Demerged Undertaking as that loan amount is deemed a tangible investment or asset, and rightfully belongs to the tangible assets/holding business (“SoftSol Holdings”). Hence, the said liability of unsecured loan will not be transferred to the Resulting Company.

It is further clarified that all guarantees provided by the Demerged Company for its activities (including for and on behalf of the Subsidiary) forming a part of the Demerged Undertaking shall stand transferred to the Resulting Company. The Demerged Company and the Resulting Company shall undertake all necessary compliances prescribed under the relevant contracts, deed or other documents under which such guarantee obligations, have arisen and/or Applicable Law, to effectuate such transfers/assignment.

- ii. All cheques and other negotiable instruments, payment orders, and electronic fund transfers (like NEFT, RTGS, etc.) received in the name of the Demerged Company pertaining to the Demerged Undertaking after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company.

(c) Transfer of Contracts:

Upon this Scheme becoming effective, and with effect from the Appointed Date:

- i. All the Contracts of the Demerged Undertaking, including but not limited to contracts/purchase orders with customers and vendors, and all contracts (including contracts pending for renewal or for fresh allocation of capacity), deeds, bonds, lease deeds, agreements entered into with various persons including independent consultants, Subsidiary, arrangements and other instruments of whatsoever nature; to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- ii. Any contract of the Demerged Company relating to or benefiting at present the Infrastructure Business and the Demerged Undertaking, shall be



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deemed to constitute separate contracts, thereby relating to and/or benefiting the Demerged Company and the Resulting Company.

- iii. It is hereby clarified that if any Contracts in relation to the Demerged Undertaking to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company insofar as it is permissible so to do, till such time the transfer is effected.
- iv. The Resulting Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmations or other writings or arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Demerged Company will, if reasonably necessary, also be a party to the above. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

(d) Transfer of Employees:

- i. Upon this Scheme becoming effective, all the employees of the Demerged Company engaged in or in relation to the Demerged Undertaking shall be deemed to be transferred to and engaged by the Resulting Company with effect from the Appointed Date or their respective joining date, whichever is later, without any interruption of service and on the basis of continuity of service, and on such terms and conditions as are no less favourable than those on which they are currently engaged by the Demerged Company. The services of such employees with the Demerged Company up to the Effective Date shall be taken into account for the purposes of all benefits and continuity to which, if any, such employees may be eligible under Applicable Law.
- ii. Upon this Scheme becoming effective and with effect from Appointed Date, all contributions including any provisions created therefor, to



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provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, or any other special scheme or, to tax benefits (including medical, pension and leave travel allowance) or any other benefits created or existing exclusively for the benefit of the employees; if any, upon this Scheme becoming effective, shall be made by the Resulting Company in accordance with the provisions of such schemes or funds and Applicable Law. In relation to the employees, for whom the Demerged Company is making contributions to the employee state insurance corporation, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with provisions of such fund, bye laws, etc. in respect to such employees.

- iii. In relation to the provident fund contributions being made for the employees by the Demerged Company to the trust of Resulting Company upon this Scheme becoming effective, the Resulting Company shall make contributions for such employees on the same terms and conditions to the employee provident fund maintained with the Regional Provident Fund Office in terms of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The existing accumulations in the Provident Fund Trust pertaining to the Employees shall be continued on the same terms and conditions and shall be transferred to the employee provident fund maintained with the Regional Provident Fund Office in accordance with Applicable Law.
- iv. The existing accumulations under employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme and any other special scheme or benefits of the Demerged Company pertaining to the employees shall be continued on the same terms and conditions and shall be transferred to, the employees' state insurance corporation, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Resulting Company or as may be created by the Resulting Company for such purpose, in accordance with Applicable Law. Pending such transfer, the contributions required to be made in respect of the employees shall continue to be made by the Resulting Company to the existing funds maintained by the Demerged Company.

(e) **Continuation of Legal Proceedings:**



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- i. Upon this Scheme becoming effective, and with effect from the Appointed Date, the Resulting Company shall be entitled to the benefits and shall bear the burdens of any legal or other proceedings to the extent specifically relating to the Demerged Undertaking, initiated by or against the Demerged Company. If any suit, appeal or other proceedings to the extent specifically relating to the Demerged Undertaking initiated by or against the Demerged Company is pending, the same shall not be abated, be discontinued or in any way be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Demerged Company, if this Scheme had not been effected.
- ii. All costs and expenses incurred, and payments made, by the Demerged Company in respect of any proceedings initiated by or against the Demerged Company after the Appointed Date to the extent relating to the Demerged Undertaking shall be reimbursed by the Resulting Company upon submission by the Demerged Company to the Resulting Company of documents evidencing that the Demerged Company has, incurred such costs and expenses or made such payments. The Resulting Company shall file necessary application for transfer of all pending suit/appeal or other proceedings of whatsoever nature relating to the Demerged Undertaking.
- iii. Subject to the terms of the Scheme, the transfer and vesting of the Demerged Undertaking and continuance of proceedings by or against the Resulting Company, as provided herein, shall not affect any transactions or proceedings already concluded by the Demerged Company before the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company in relation to the Demerged Undertaking as acts, deeds and things done and executed by and on behalf of the Resulting Company.

(f) **Taxation Matters:**

Upon this Scheme becoming effective, and with effect from the Appointed Date all rights, obligations, benefits available under any direct and indirect taxes, including tax incentives, advantages, privileges, exemptions, entitlements, credits (including, but not limited to, credits in respect of income tax, including carry forward tax losses, unabsorbed depreciation,



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closing balance of input tax credit, value added tax, turnover tax, central sales tax, excise duty, goods and services tax, security transaction tax, minimum alternate tax and duty entitlement credit certificates), holidays, remissions, reductions, etc., sales tax benefits/exemptions, service tax credit, stamp duty benefits and exemptions which may be obtained by the Demerged Company or which the Demerged Company is entitled to or which are or may be available to the Demerged Company in respect of the Demerged Undertaking shall, pursuant to the sanction of this Scheme, be available to the Resulting Company on and as is where is/going concern basis. The Demerged Company shall undertake all necessary compliances prescribed under Applicable Laws to effectuate transfer of credits of goods and services tax in relation to the Demerged Undertaking to the Resulting Company. It is hereby clarified that any tax related liabilities/benefits, arising out of or in connection with an event occurring prior to the Appointed Date, even when the same may arise and/or accrue subsequent to the Appointed Date, shall, subject to and in accordance with applicable direct and indirect tax laws, continue to be liabilities/benefits of the Demerged Company.

(g) Benefits of Statutory/Corporate Approvals:

1. Without prejudice to the generality of the above and upon the Scheme becoming effective, the benefits of any and all corporate approvals, statutory approvals as may have already been taken by the Demerged Company:
 - a) In relation to the Demerged Undertaking, whether being in the nature of compliances or otherwise and any other approvals as obtained under the Act or SEBI LODR including but not limited to approvals under the Act, shall stand transferred to the Resulting Company and the said corporate approvals and compliances shall be deemed to have been taken / complied with by the Resulting Company, by virtue of approval of this Scheme.
- (2) Upon the Scheme becoming effective, all the fresh appointments of directors, key managerial personnel (those not covered under this Scheme) and new transaction(s) contemplated to be entered into by the Resulting Company with its related parties shall be done in accordance with the applicable provisions of the Act and other Applicable Laws.

(h) Conduct of Business:



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With effect from the Appointed Date and until occurrence of the Effective Date:

- (i) the Demerged Company undertakes to carry on and shall be deemed to have carried on all its business activities of the Demerged Undertaking and stand possessed of the properties and assets of the Demerged Undertaking, for and on account of and in trust for the Resulting Company; and
- (ii) all profits or income accruing to or received by the Demerged Company, out of the Demerged Undertaking and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax, fringe benefit tax, securities transaction tax, taxes withheld/paid in a foreign country, value added tax, sales tax, service tax, etc.) or losses arising in or incurred by the Demerged Company with respect to the Demerged Undertaking shall, for all purposes, be treated as and deemed to be the profits, losses, income or taxes, as the case may be, of the Resulting Company; and
- (iii) the Demerged Company shall carry on the business of the Demerged Undertaking with reasonable diligence and business prudence and in a manner consistent with its past practices; and
- (iv) the Demerged Company shall carry on the business of the Demerged Undertaking, in its ordinary course of business. All the actions taken by the Demerged Company for the Demerged Undertaking, Inter-alia, including any income, advances, payments made/collections received, funds or resources deployed or cost incurred, shall be suitably accounted for and recorded by the Demerged Company and the Resulting Company on such terms and conditions as the Board of Directors of the Demerged Company and the Resulting Company may agree upon. Notwithstanding anything contained herein above, it is hereby clarified that no separate corporate approvals, inter-alia, under the Act, shall be required to be taken by the Demerged Company for undertaking any of the foregoing actions/transactions pertaining to the Demerged Undertaking and such actions/transactions shall be deemed to be in compliance with the Act as applicable, by virtue of approval of the Scheme; and
- (v) the Demerged Company shall not, in relation to the Demerged Undertaking, vary or alter, except in the ordinary course of its business or pursuant to any pre-existing obligations undertaken prior to the date of approval of the



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Scheme by the Board of Directors of the Demerged Company, the terms and conditions of employment of any of its employees, nor shall it conclude settlement with any union or its employees except with the written concurrence of the Resulting Company; and

- (vi) the Demerged Company shall not undertake any actions in relation to the Demerged Undertaking which are not in the ordinary course of business of the Demerged Undertaking (including undertaking any acquisitions or disposal of Assets which are not in the ordinary course of business), except with the written concurrence of the Board of the Demerged Company and the Resulting Company in compliance with Applicable Laws.

(i) Arrangements between the Demerged Company and the Resulting Company etc:

- (a) Currently, the Demerged Undertaking is being carried on as a part of the business of the Demerged Company and will continue to be carried on by the Demerged Company till the Effective Date. The Demerged Undertaking and Infrastructure Business of the Demerged Company would have certain inter-dependencies and, therefore, to ensure continuity of the operations, the Demerged Company and Resulting Company propose to undertake various business relationships with each other to provide transition and continual support to give full effect to the Scheme, on an arm's length basis, for which appropriate contracts will be entered into between the Demerged Company and the Resulting Company prior to the Effective Date. In relation to the aforementioned, some of the key business relationships proposed between the Demerged Company and the Resulting Company, which may continue beyond Effective Date, pertain to (a) functional support services (including costs allocated inter alia) such as logistics, procurement, finance, human resource, legal, IT services (including software licensed from third parties), marketing, etc.; (b) corporate and management services; (c) licensing of certain intellectual properties; and (d) infrastructure leasing and/or licensing.
- (b) The agreements executed prior to the Effective Date between the Demerged Company and the Resulting Company shall be subject to the necessary approvals of the Demerged Company and the Resulting Company (as applicable) in accordance with the Act, SEBI LODR and all other



applicable provisions of Applicable Law, and such agreements shall be binding on the parties thereto.

- (c) It is clarified that all guarantees provided by the Demerged Company (including for and on behalf of the Subsidiary) in respect of the Demerged Undertaking and the Demerged Company shall be valid and subsisting till adequate arrangements/guarantees have been provided in respect of the same by the Resulting Company.

7. **Tax:**

Upon the Scheme becoming effective and with effect from the Appointed Date:

- a) This Scheme complies with the conditions relating to "demerger" as defined under Section 2(19AA), Section 47 and other relevant sections and provisions of the IT Act.
- b) It is clarified that all the taxes and duties payable by the Demerged Company, relating to the Demerged Undertaking from the Appointed Date, including all advance tax payments, tax deducted at source, tax liabilities or any refund and claims shall, for all purposes be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of the Resulting Company, notwithstanding that the certificates, challans or other documents for payments of such taxes are in the name of the Demerged Company. Additionally, the Demerged Company may utilize the TDS credits of the Resulting Company to the extent of its requirements.
- c) Without prejudice to the generality of Clause 6.2 above, any input tax credits which are unutilized as on the date of filing of prescribed returns/form for transfer of credit to the Resulting Company under Central Goods and Services Tax Act read with Central Goods and Services Tax rules therein shall be apportioned in accordance with relevant regulation, circulars, guidance provided for the same.
- d) In addition, all deduction otherwise admissible to the Demerged Company in relation to the Demerged Undertaking including payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source shall be eligible for deduction to the Resulting Company upon fulfilment of the applicable conditions under the Applicable Law.



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- e) Tax assessment proceedings/appeals of whatsoever nature by or against the Demerged Company relating to the Demerged Undertaking, if any, pending and/or arising at the Appointed Date, shall be continued and/or enforced until the Effective Date as desired by the Resulting Company. As and from the Effective Date, the tax proceedings/ appeals shall be continued and enforced by or against the Resulting Company relating to the Demerged Undertaking in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the transfer and vesting of the Demerged Undertaking into the Resulting Company or anything contained in the Scheme.
- f) With effect from the Appointed Date, the Demerged Company and the Resulting Company are expressly permitted to prepare and/or revise, as the case may be, their Financial Statements and returns along with the prescribed forms, filings and annexure and related tax payment certificates under the Income Tax Act, 1961, Goods and Services Tax and other tax laws, if required, to give effect to provisions of the Scheme, and to claim refunds and advance tax credits in relation to the Demerged Undertaking as may be required consequent to the implementation of the Scheme, and all tax compliances under Applicable Laws by the Demerged Company in relation to the Demerged Undertaking shall be deemed to have been undertaken by the Resulting Company.

8. **Consideration :**

- a) Upon the coming into effect of the Scheme, and in consideration of the transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company pursuant to Part III of this Scheme, the Resulting Company shall, without any further act or deed and without any further payment issue and allot to the shareholders of the Demerged Company (whose name is recorded in the register of members of the Demerged Company as holding equity shares on the Record Date) in the following manner:

"For every 1 (one) equity share of the Demerged Company of face value of INR 10 each held in the Demerged Company, every equity shareholder of the Demerged Company, shall without any application, act or deed, be entitled to receive 1 (one) equity share of face value INR 10 each of the



Resulting Company, credited as fully paid up on the same terms and conditions of issue as prevalent in the Demerged Company".

(Report of recommending Equity Share Entitlement Ratio from an Independent Registered Valuer is annexed as “Annexure-8”; and Fairness opinion by Independent SEBI Registered Merchant Banker is annexed as “Annexure-9”).

- b) The equity shares to be issued by the Resulting Company shall be issued in dematerialized form to those shareholders who hold shares of the Demerged Company in dematerialized form, into the account in which shares of the Demerged Company are held or such other account as is intimated in writing by the shareholders to the Demerged Company and/ or its registrar provided such intimation has been received by the Demerged Company and/or its registrar at least 7 (seven) days before the Record Date. All those shareholders who hold shares of the Demerged Company in physical form shall also receive the equity shares to be issued by the Resulting Company, in dematerialized form provided the details of their account with the depository participant are intimated in writing to the Demerged Company and/ or its registrar provided such intimation has been received by the Demerged Company and/or its registrar at least 7 (seven) days before the Record Date. If no such intimation is received from any shareholder who holds shares of the Demerged Company in physical form 7 (seven) days before the Record Date, or if the details furnished by any shareholder do not permit electronic credit of the shares of the Resulting Company, then the Resulting Company shall open an escrow demat account with a depository participant to keep such shares in abeyance / in such escrow demat account and will credit the same to the respective demat account(s) of such shareholders as and when the details of such shareholder's account with the depository participant are intimated in writing by the shareholders to the Resulting Company and/or its registrar.
- c) 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 Resulting 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 Record Date, in order to remove any difficulties, after the effectiveness of this Scheme.



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- d) The equity shares to be issued by the Resulting Company, pursuant to Clause 4.1 of the Scheme, in respect of any equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall, pending allotment or settlement of dispute by order of any court or otherwise, be held in abeyance by the Resulting Company.
- e) The equity shares to be issued by the Resulting Company in respect of the equity shares of the Demerged Company held in the unclaimed suspense account shall be credited to a new unclaimed suspense account created for shareholders of the Resulting Company.
- f) The equity shares to be issued by the Resulting Company in respect of the shares of the Demerged Company held in the Investor Education and Protection Fund shall be credited to the Investor Education and Protection Fund.
- g) Without prejudice to the generality of Clause 4.1 of the Scheme, the Board of the Resulting Company shall, if and to the extent required, apply for and obtain any approvals from concerned appropriate authorities and undertake necessary compliance for the issue and allotment of equity shares to the members of the Demerged Company pursuant to Clause 4.1 of the Scheme.
- h) Approval of this Scheme by the equity shareholders of the Resulting Company shall be deemed to be the due compliance of the provisions of Section 13, Section 14, Section 42, Section 62 and other relevant and applicable provisions of the Act and rules made thereunder for the issue and allotment of the equity shares by the Resulting Company to the equity shareholders of the Demerged Company as on the Record Date, as provided in this Scheme.
- i) The equity shares of the Resulting Company issued in terms of Clause 4.1 of the Scheme will be listed and/ or admitted to trading on BSE Limited where the shares of the Demerged Company are listed on the Effective Date. The Resulting Company shall apply to BSE Limited (where the shares of the Demerged Company are listed) and SEBI for listing and admission to trading of all the equity shares issued to the shareholders of the Demerged Company pursuant to this Scheme in terms of the SEBI Circular read with any other Applicable Laws.



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- j) The Resulting Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the Applicable Laws or regulations for the Resulting Company to comply with the formalities and requirements of BSE Limited. The equity shares of the Resulting Company allotted pursuant to the Scheme shall remain frozen in the depositories system until listing and trading permission is given by BSE Limited as mentioned above. There shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date in terms of the Scheme and the listing which may affect the status of approvals received from BSE Limited. There will be no change in the equity share capital of the Resulting Company from the allotment of equity shares made to the shareholders of the Demerged Company in accordance with Clause 4.1 of the Scheme till the listing of the said equity shares of the Resulting Company on BSE Limited.
- k) The Resulting Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of BSE Limited.

9. Accounting Treatment of the Scheme :

The accounting treatment of the demerger of Software Business Undertaking in the books of the Demerged Company and the Resulting Company shall be in compliance with the applicable accounting standards notified under Section 133 (including compliance with Ind AS 103 - Business Combination) of the Act and other generally accepted accounting principles in India.

(I) Accounting Treatment in the Financial Statements of the Demerged Company

- (a) The transfer of the Demerged Undertaking shall be accounted for in the books of the Demerged Company in accordance with applicable accounting standards prescribed under Section 133 of the Act and generally accepted accounting principles in India.
- (b) Upon the Scheme becoming effective:
- (i) The respective carrying values, of the assets, liabilities and identified reserves of the Demerged Undertaking, shall be reduced from the books of account of the Demerged Company.



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- (ii) Pursuant to Part III of the Scheme, the investment of the Demerged Company in the Resulting Company as appearing in its books of accounts shall be written off.
- (c) The difference of the above, shall be reduced from Other Equity in the books of the Demerged Company.

(II) Accounting Treatment in the Financial Statements of the Resulting Company

- (a) The transfer of the Demerged Undertaking shall be accounted for in the books of the Resulting Company using the pooling of interest method in accordance with Appendix C "Business Combinations of entities under common control" of the Indian Accounting Standard (Ind AS) 103- Business Combinations.
- (b) Upon the Scheme becoming effective:
 - (i) The transferred assets, liabilities and identified reserves relating to the Demerged Undertaking would be recorded at their respective carrying amounts as appearing in Financial Statements of the Demerged Company.
 - (ii) The Resulting Company shall credit its share capital account with the aggregate face value of the equity shares issued to the shareholders of the Demerged Company.
 - (iii) The difference, if any, between the carrying amount of the net assets of the Demerged Undertaking acquired and the consideration issued to the shareholders of the Demerged Company shall be adjusted to Other Equity.
 - (iv) The financial statements of the Resulting Company shall be restated as per the requirements of Appendix C of Ind AS 103.
 - (v) The Resulting Company's capital reduction pursuant to Clause 7 of this Scheme will be transferred to the capital reserve.
- (c) The reserves so recorded under Other Equity shall be available for distribution of dividend to the shareholders and shall be considered as free reserves from the Act perspective.



(Copies of certificates issued by the Chartered Accountant confirming the Accounting Treatment proposed in the Scheme are at “Annexure-10” and “Annexure-11”).

10. **Conditionality of the Scheme:**

This Scheme is and shall be conditional upon and subject to:

- (a) Receipt of no-objection / observation letter from BSE Limited in relation to this Scheme under Regulation 37 of the SEBI LODR.
- (b) The approval by the requisite majorities of the classes of persons, including shareholders, creditors of the Demerged Company and the Resulting Company as may be directed by the NCLT under Sections 230-232 of the Act;
- (c) The sanctioning of this Scheme by the NCLT, whether with any modifications or amendments as NCLT may deem fit or otherwise;
- (d) The filing of the certified copies of the orders of the NCLT with the Registrar of Companies, Hyderabad, by the Demerged Company and the Resulting Company, as the case may be; and
- (e) Any other sanctions and orders as may be directed by the NCLT in respect of the Scheme.

(A signed copy of the Scheme of Arrangement between SoftSol India Limited (Demerged Company) and Covance SoftSol Limited (Resulting Company) and their respective Shareholders and Creditors is annexed hereto and marked as “Annexure-12”)

11. **Board Resolution of the Applicant Companies approving the Scheme of Arrangement :**

The Board of Directors of the Petitioner Companies at their respective meetings held on 14.08.2023, approved the Scheme of Arrangement between SoftSol India Limited (Demerged Company) and Covance SoftSol Limited (Resulting Company) and their respective Shareholders and Creditors.

(Certified true copies of the Board Resolutions passed by the Board of Directors of the Petitioner Companies are annexed hereto and marked as “Annexure-13” and “Annexure-14”)

12. **Disclosure to the observation letter issued by the BSE Limited**



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BSE Limited has issued an Observation Letter with respect to the Scheme of Arrangement. The disclosures made by the Petitioner Companies as required by the SEBI comments (Point ‘a’) in the said Observation Letter are annexed as an “**Annexure-15**” and “**Annexure-16**”. The said observation letter herewith annexed as an “**Annexure-17**”

13. **Interest of Directors In The Proposed Scheme Of Arrangement:**

The Board of Directors of the Petitioner Companies have no material interest in the proposed Scheme of Arrangement between SoftSol India Limited (Demerged Company) and Covance SoftSol Limited (Resulting company) and their respective Shareholders and Creditors except as shareholders of their respective companies in general.

14. **Declaration by the Petitioner Companies :**

- (a) No petition under Section 241 or 242 of the Companies Act, 2013, has been filed against any of the Petitioner Companies and there has been no material change in the affairs of any of the Petitioner Companies, except for what was done in the normal course of business.
- (b) There are no proceedings pending under Section 210 to 227 of Companies Act, 2013, against any of the Petitioner Companies.
- (c) The Scheme of Arrangement between SoftSol India Limited (Demerged Company) and Covance SoftSol Limited (Resulting company) and their respective Shareholders and Creditors does not have an adverse effect on any of the shareholders or creditors or other stakeholders of the Petitioner Companies in any manner whatsoever.

15. It is submitted that the Petitioner Companies complied with all the directions issued in the order dated 05.04.2024 in CA(CAA) No.06/230/HDB/2024, which are detailed in Page Nos.34 to 37 of the Petition. It is also submitted that copy of Chairpersons Report dated 22.05.2024 is at Annexure - 20 of the Petition.

16. As per the directions of this Tribunal vide order dated 05.04.2024, the Petitioner Companies issued notices to the following Statutory Authorities:

- a) Notice of the petition may please be directed to be served on Deputy Commissioner of Income Tax, Circle-3 (1), Signature Towers, Gachibowli,



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Miyapur Rd, Venkat Enclave, Whitefields, Kondapur, Hyderabad
Telangana- 500084 as contemplated under Rule 16 of the Companies
(Compromises, Arrangements and Arrangement s) Rules, 2016.

- b) Notice of this Petition may please be directed to be served on Central Government, i.e., the Regional Director, South East Region, Ministry of Corporate Affairs, Corporate Bhawan, 3rd Floor, Bandlaguda, Nagole, Thattiannaram Village, Hayathnagar Mandal, Ranga Reddy District, Pin Code – 500068, as contemplated under Rule 16 of the Companies (Compromises, Arrangements and Arrangement s) Rules, 2016.
- c) Notice of this Petition may please be directed to be served on the Registrar of Companies, Corporate Bhawan, 2nd Floor, GSI Post, Nagole, Bandlaguda, Thattiannaram Village, Hyderabad Pin Code – 500068 as contemplated under Rule 16 of the Companies (Compromises, Arrangements and Arrangement s) Rules, 2016.
- d) Notice of this petition may please be directed to be served on Stock Exchanges BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001, Maharashtra, as contemplated under Rule 16 of the Companies (Compromises, Arrangements and Arrangement s) Rules, 2016.
- e) Notice of this petition may please be directed to be served on Securities and Exchange Board of India (SEBI), PN-C/7, G Block BKC, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051, Maharashtra, as contemplated under Rule 16 of the Companies (Compromises, Arrangements and Arrangement s) Rules, 2016.
- f) Notice of this petition may please be directed to be served on Reserve Bank of India, 6-1-56, Secretariat Road, Saifabad Hyderabad-500 004, as contemplated under Rule 16 of the Companies (Compromises, Arrangements and Arrangement s) Rules, 2016.
- g) Notice of this petition may please be directed to be published in the “Business Standard” (English Daily), Hyderabad Edition and “Nava Telangana” (Telugu Daily), Hyderabad Edition both to be published as contemplated under Rule 16 of the Companies (Compromises, Arrangements and Arrangement s) Rules, 2016.



17. It is submitted that the sanctioning of the Scheme of Arrangement would be beneficial to the Demerged Company, Resulting Company and as well as to their shareholders, creditors, employees and other stakeholders.
18. The Regional Director (South East Region), Ministry of Corporate Affairs, Hyderabad has filed its Report on 14.08.2024, inter alia, stating that the Hon'ble Tribunal may be pleased to consider the observations as pointed out therein and pass such orders after hearing the Income Tax Department.
19. In response to the observations made by the Regional Director, the Petitioner Companies have given necessary undertakings and clarifications through their reply affidavit filed on 19.08.2024. The observations made by the Regional Director and the clarifications and undertakings given by the Petitioner Companies are summarized in the table below:

Para Nos.	Regional Director's Report/observations dated 14th August, 2024	Reply Affidavit filed by the Petitioner Companies vide Memo dated 19.08.2024
Page 4 Para 5(a)	It is stated in Clause 8.1 of the Scheme, upon the Scheme becoming effective, the name of the demerged company shall stand changed to "Softsol Corporation Limited" or such other name which is available and approved by CRC. In this regard, the demerged company shall file requisite e-forms along with applicable fees with ROC/CRC on compliance of the Provisions of Section 13 of the Act for effecting such name change and may be directed to furnish an undertaking in this regard since the above falls under the domain of ROC.	In response to these observations, undertakings from the Demerged Company and the Resulting Company are annexed as Annexure -E1 and Annexure – E2 respectively of the reply.
Page No.4 para 5(b)	As seen from the Balance Sheet as at 31-03-2023 that the Demerged Company has made investments to the tune of Rs 1760.93 lakhs and Rs 1914.95 lakhs under the head "current investments. In this regard,	The Demerged Company has obtained approval of Shareholders in the AGM held on 30.12.2020 for making investments/extending loans and giving guarantees or providing securities for an amount not



	<p>the Demerged Company may be directed to show the proof of compliance of the provisions of section 185/185 of the Companies Act, 2013 along with the detailed information for the satisfaction of the Hon'ble Tribunal</p>	<p>exceeding Rs.250.00 crores (Rupees two hundred and fifty crores only) over and above the limit of 60% of the paid-up share capital, free reserves and securities premium account of the Company or 100% of free reserves and securities premium account of the Company, whichever is more, as prescribed under Section 186 of the Companies Act. 2013. Special Resolution passed by the shareholders is annexed as Annexure-F. As per the first provision of Sub-section(3) of Section 186 of the Companies Act, 2013, the Company is not required to obtain shareholders' approval for the investment of INR 1760.93 lakhs in its wholly-owned subsidiary, namely "Softsol Resources Inc".</p>
<p>Page No.4 para 5(c)</p>	<p>It is seen from the petition and the reply of the petitioner companies that there are certain disputed statutory dues payable by the Demerged Company. However, the Income Tax Authorities have raised their observation stated in Para No 4 above. In this regard, the Demerged Company may furnish an undertaking with regard to the payment of the same as and when demand is made by the said statutory authorities.</p>	<p>In response to these observations, undertakings from the Demerged Company is annexed as Annexure -E1 of the reply.</p>
<p>Page No.4 para 5(d)</p>	<p>As per clause 4.1 of the Scheme of arrangement for every 1(one) equity share of the Demerged Company of face value of INR 10 each held in the Demerged Company every equity shareholder of the Demerged Company, shall without any application, act or deed, be entitled to</p>	<p>Para 5(d) of the report, simply narrate that the learned Regional Director examined the Scheme of Arrangement and other material papers and makes his submissions</p>



	receive 1 (one) equity share of face value INR 10 each of the Resulting Company, Credited as fully paid up on the same terms and conditions of issue as prevalent in the Demerged Company Whereas as per the shareholding pattern of the Resulting company, almost 99.99% of the shares are held by the Demerged Company. The said shares shall be cancelled and no equity shares shall be issued by the Resulting Company to the shareholders of the Demerged Company on approval of the Scheme.	
Page No.5 para 5(e)	The shares of the Demerged Company have been listed on BSE Limited and the said Stock Exchange vide their letter dated 16-01-2024 have given approval of scheme of arrangement along with some observations to be complied with, by the petitioner companies. In this regard, the petitioner companies may be directed to comply with the observations in toto and also comply with SEBI (LORD) Regulations 2015 and other related circulars	In response to these observations, undertakings from the Demerged Company and the Resulting Company are annexed as Annexure -E1 and Annexure – E2 respectively of the reply.
Page No.5 para 5(f)	The petitioner/Demerged Company have foreign share holders and NRI shareholders Hence, the Demerged Company shall comply with FEMA/RBI Regulations and shall furnish an undertaking before the Hon'ble Tribunal in this regard to give effect of the Scheme.	In response to these observations, undertakings from the Demerged Company and the Resulting Company are annexed as Annexure -E1 and Annexure – E2 respectively of the reply.
Page No.5 para 5(g)	As per the Scheme and reply of demerged company, it is stated that the demerged company has no secured creditors. However, as seen from the Master Data of the demerged company, it has two open	Charge amounting to Rs.9,00,00,000/- against Citi Bank N.A. was satisfied on 16.01.2017. Charge amounting to Rs.45,00,000/- against State Bank of India was satisfied on 18.02.2019. Copies of



	<p>charges amounting to Rs. 9,00,00,000/- and Rs. 45,00,000/- against Citi Bank N.A. and State Bank of India. In this regard, the petitioner/ demerged company may be directed to furnish the details thereof along with NOC from the said secured creditors before the approval of scheme of arrangement</p>	<p>filed Form CHG-4 along with the copies of NOC are annexed as Annexure-G of the reply. Copy of screen shot of 'Index of charges' on MCA Portal is annexed as Annexure-B of the reply.</p>
<p>Page No.5 para 5(h)</p>	<p>The Demerged Company has related party transactions during the last two years The petitioner companies may be directed to furnish an undertaking with regard to compliance of the provisions of section 188 of the Companies Act, 2013.</p>	<p>In response to these observations, undertakings from the Demerged Company and the Resulting Company are annexed as Annexure -E1 and Annexure – E2 respectively of the reply.</p>
<p>Page No.5 para 5(i)</p>	<p>The present Scheme of Arrangement partakes Demerger the Software Division of the Demerged Company to the Resulting Company on approval of the Scheme and to retain the infrastructure Business Division with them. The Scheme is silent about the details of assets and liabilities related to Software Division of Demerged Company to be transferred to the Resulting Company on sanction of the Scheme which are also requires for maintenance of books of accounts of the Resulting Company on post arrangement. In view of the above, the Petitioner Companies may be directed by the Hon'ble Tribunal to amend the Scheme by furnishing the details of such assets and liabilities to be transferred from the Demerged Company to the Resulting Company and the remaining assets and liabilities to be remained with the Demerged Company on approval of the Scheme and also to comply with IND-AS 103 as adopted in the books</p>	<p>As per para 1.1.3. OVERVIEW OF THE SCHEME', the scheme of arrangement provides for transfer and vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company. Therefore, except for the assets and liabilities pertaining to Demerged Undertaking all the other assets and liabilities will continue to remain with the Demerged Company</p> <p>As per para 1.2.8. of the scheme of arrangement, the term 'Demerged Under-taking' has been exhaustively defined enumerating the complete details of assets and liabilities that are part of it.</p> <p>We respectfully urge you to take into account the explanation provided earlier in this communication. As outlined therein, the scheme of arrangement meticulously delineates the details of assets and liabilities related to Software Division of Demerged Company to be transferred</p>



	<p>of Resulting Company.</p>	<p>to the Resulting Company on sanction of the Scheme which are also be used for maintenance of books of accounts of the Resulting Company on post arrangement. Providing the details along with the numerical amounts of individual assets and liabilities that are part of Demerged Undertaking would tantamount to incorporating entire set of books of accounts in the scheme which will ultimately hamper the under-standability of the users and it also deviates from the materiality concept. the set of books of accounts will only deteriorate the true and fair view.</p> <p>The complete explanation with respect to the accounting treatment in the books of the Demerged Company and Resulting Company has been provided under para 5.1 and 5.2 of the scheme of arrangement respectively. The accounting treatment also includes compliance with provisions of Ind AS 103.</p>
<p>Page No.6 para 5(j)</p>	<p>The Para 5.1 of the Scheme of Arrangement speaks about accounting treatment of assets and liabilities in the books of Demerged Company on Post Arrangement by stating that those are accounted for in accordance with applicable Accounting Standards prescribed under Section 133 of the Act. It is pertinent to submit that no such Accounting Standard has been prescribed under Section 133 of the Act to deal with the assets and liabilities in the books of Demerged Company on post arrangement.</p>	<p>As per Clause (b) and (c) and subclauses thereto of para 5.1 of the scheme of arrangement, the detailed accounting treatment in the Financial Statements of the Demerged Company has been provided. The extract of the respective clauses is below:</p> <p>5.1. Accounting Treatment in the Financial Statements of the Demerged Company</p> <p>(b) Upon the Scheme becoming effective:</p>



<p>Therefore, the Scheme requires modification in this regard In view of the above, it is prayed before the Hon'ble Tribunal to direct the Petitioner Companies to amend such para of the Scheme by stating details of accounting treatment on post arrangement (in the books of Demerged Company) and also state details of adjustment of the difference (Networth) in the books of Demerged Company in specific/respective accounting Heads under Equity/Other Equity on post arrangement.</p>	<p>(i) The respective carrying values, of the assets, liabilities and identified reserves of the Demerged Undertaking, shall be reduced from the books of account of the Demerged Company.</p> <p>(ii) Pursuant to Part III of the Scheme, the investment of the Demerged Company in the Resulting Company as appearing in its books of accounts shall be written off.</p> <p>(c) The difference of the above, shall be reduced from Other Equity in the books of the Demerged Company</p> <p>Section 133 of the companies act, 2013 entrusts the central government for prescribing different standards of accounting applicable to various companies. The standards prescribed if any by the central government will be effective and be applicable from the date as determined in this regard by the central government. As on the date application for scheme of arrangement by the company, no such Accounting Standard has been prescribed under Section 133 of the Act to deal with the assets and liabilities in the books of Demerged Company on post arrangement. Yet a reference to Section 133 of the Act has been given only to comply with standards if any prescribed in this regard by the central government in the future.</p> <p>We humbly request to consider the above explanation with respect to the Scheme which in compliance as per the requirements regards to the details of accounting treatment on post</p>
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		arrangement (in the books of Demerged Company) and also state details of adjustment of the difference (Net worth) in the books of Demerged Company in specific/respective accounting Heads under Equity/Other Equity on post arrangement.
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20. Hence, from the above report of the Regional Director (RD), it can be understood that there are no tenable objections raised and that the queries posed to the companies were also answered. Hence, the direction as sought for by the Regional Director (RD) would stand complied.
21. A copy of the Auditor's Certificate issued by M/s.Pavuluri & Company, Chartered Accountants certifying that the Scheme of Arrangement of M/s.Softsol India Limited/Demerged Company and M/s.Covance Softsol Limited/Resulting Company which is in accordance with the accounting treatment as prescribed under Section 133 of the Companies Act, 2013 and rules made thereunder is filed at Page Nos. 244 and 245 respectively of the Petition .
22. We have heard the Learned PCS for Petitioner Companies and perused the material papers on record. Considering the entire facts and circumstances of the case and on perusal of the Scheme, Report of the Regional Director, and reply/undertakings of the Petitioner Companies thereon and the documents produced on record, the Scheme of Arrangement appears to be fair and reasonable and is not contrary to public policy and not violative of any provisions of law. All the statutory compliances have been made under Section 230 to 232 of the Companies Act, 2013.

ORDER

23. After hearing the PCS for the Petitioner Companies and after considering the material on record, this Adjudicating Authority passed the following order:



- i) The Scheme of Arrangement which is filed as an **Annexure-12** at page nos.246 to 273 of the Petition filed by the Petitioner Companies is hereby sanctioned and confirmed with appointed date as 01/04/2023 and shall be binding on all the members, employees, creditors, concerned statutory, regulatory authorities and all other stakeholders of the Petitioner Companies.
- ii) While approving the Scheme, we make it clear that this order should not be construed as an order in anyway granting exemption from payment of stamp duty, taxes or any other charges, if any, payable, in accordance with law or in respect of any permission/ compliance with any other requirement which may be specifically required under any law.
- iii) The whole of the assets, property, rights and liabilities of the Demerged Company pertaining to Software Business Undertaking shall be transferred without the requirement of any further act or deed to the Petitioner/Resulting Company.
- iv) We direct the Petitioner companies to comply with all the observations pointed out by the Regional Director, if any.
- v) We direct the Petitioner Companies to preserve the books of accounts and papers and records and the same shall not be disposed of without the prior permission of the Central Government in terms of provisions of Section 239 of the Companies Act, 2013.
- vi) We direct the Petitioner Companies to ensure statutory compliance of all applicable laws and also on sanctioning of the present Scheme the Petitioner Companies shall not be absolved for any of its statutory liability in any manner.
- vii) We direct the Petitioner Companies involved in the Scheme to comply with Rule 17 (2) of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2013. The Petitioner Companies within 30 days after the date of receipt of certified copy of the order, shall cause certified copy to be delivered in the Form INC-28 to the Registrar of Companies concerned for



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registration and on such certified copy being delivered, Registrar of Companies concerned shall take all necessary consequential action in respect of the Petitioner Companies.

- viii) The Petitioner Companies are further directed to take all consequential and statutory steps required in pursuance of the approved Scheme of Arrangement under the provisions of the Companies Act, 2013 and submit necessary compliance and undertaking relating to the objections raised by the Regional Director (SER), MCA, Government of India, Hyderabad.
- ix) All the legal proceedings which are pending or which are against the Demerged Company in so far as they relate to the Demerged Undertaking shall be perused by the Resulting Company .
- x) Though no representation has been received from the Income Tax Authorities despite service of notice by the Petitioner Companies, the tax implications, if any, arising out of the Scheme is subject to final decision of the Tax Authorities concerned and the decision of the Tax Authorities concerned shall be binding on the Demerged Company.
- xi) The Resulting Company is directed to strictly comply with the Accounting Treatment Standards prescribed under Section 133 of the Companies Act, 2013.
- xii) The sanction of the Scheme by this Adjudicating Authority shall not forbid the Revenue Authorities from taking appropriate recourse for recovering the existing and previous tax liabilities of the Transferor and Transferee Companies.
- xiii) The Petitioner Companies shall until the completion of the Scheme of Arrangement, file a statement in such form and within such time as prescribed with the Registrar every year duly certified by the Chartered Accountant or a Cost Accountant or a Company Secretary to the effect that the Scheme of Arrangement is being complied with in accordance with the orders of the Adjudicating Authority as required under Section 232(7) of the Companies Act, 2013.



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- xiv) All concerned shall act on a copy of this order along with Scheme duly authenticated by the Deputy/Assistant Registrar of this Tribunal.
- xv) Any person shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.
- xvi) Accordingly, the Scheme is allowed and the Company Petition bearing No.CP(CAA) No.17/230/HDB/2024 connected with CA(AA) No.06/230/HDB/ 2024 stands disposed of.

Sd/-

SANJAY PURI
MEMBER (TECHNICAL)

Vinod

Sd/-

RAJEEV BHARDWAJ
MEMBER (JUDICIAL)