

Dated: 07-01- 2021

To,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051
Symbol: SPCENET

Dear Sir/Madam,

Sub.: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Update on the Scheme of Arrangement

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the Hon'ble National Company Law Tribunal ("NCLT"), Bench at Hyderabad, has approved the Scheme of Arrangement by and between KLING ENTERPRISES INDIA LIMITED ("Demerged Company") and SPACENET ENTERPRISES INDIA LIMITED ("Resulting Company") under the provisions of Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 and rules made thereunder.

The certified copy of the order from Hon'ble National Company Law Tribunal ("NCLT"), Bench at Hyderabad is enclosed herewith for your records.

The Scheme will become effective upon filing of the certified copy of order of the NCLT, sanctioning the Scheme with the Registrar of Companies, Hyderabad, Telangana.

Kindly take the same on your record.

Your's faithfully,
For Spacenet Enterprises India Limited



M.Chowda Reddy
Company Secretary & Compliance Officer

Encl: As Above



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, HYDERABAD-1**

CP(CAA)NO. 227/230/HDB/2020

Connected with

CA (CAA) NO. 51/230/HDB/2020

U/s 230 to 232 of the Companies Act, 2013

R/w Rule 15(1) of Companies (Compromises,
Arrangements and Amalgamations) Rules, 2016.

FREE OF COST COPY

In the matter of

KLING ENTERPRISES INDIA LIMITED

(TRANSFEROR COMPANY)

AND

SPACENET ENTERPRISES INDIA LIMITED

(TRANSFeree COMPANY)

1. M/s. Kling Enterprises India Limited,
Registered office at A to Z Elite, 1st Floor,
Plot No. 197, S.Y. No. 48P,
Guttala Begumpet, Madhapur,
Hyderabad - 500081,

CERTIFIED TO BE TRUE COPY
OF THE ORIGINAL

....Petitioner No.1/
Transferor Company

2. M/s. Spacenet Enterprises India Limited,
Registered office at A to Z Elite,
1st Floor, Plot No. 197,
S.Y. No. 48P, Guttala Begumpet,
Madhapur, Hyderabad - 500081

.... Petitioner No.2 /
Transferee Company

AND







1. Registrar of Companies, Andhra Pradesh and Telangana
2nd Floor, Corporate Bhawan,
GSI Post, Tattiannaram Nagole, Bandlaguda
Hyderabad - 500 068, Telangana.
2. Regional Director, South East Region
3rd Floor, Corporate Bhawan,
GSI Post, Tattiannaram Nagole, Bandlaguda
Hyderabad - 500 068, Telangana.
3. Office of Income Tax,
Masab Tank, A. C. Guards,
Hyderabad - 500 004.

Date of order: 05.01.2021

Coram:

Shri. K. Anantha Padmanabha Swamy, Member Judicial.

Shri Veera Brahma Rao Arekapudi, Member Technical.

Counsels / Parties Present

For the Petitioner : Shri Naresh Kumar Sangam, Counsel.

For the Respondent/RD: Shri Jithender, Counsel.

For the OL: Ms. Anantha Lakshmi, represented for OL.

PER: Shri K. Anantha Padmanabha Swamy, Member Judicial.

Heard on: 15.12.2020.

ORDER

1. This is a joint Application filed on behalf M/s. Kling Enterprises India Limited (hereinafter referred to as "the First Petitioner /Transferor Company") and M/s Spacenet Enterprises India Limited (hereinafter referred to as "Second Petitioner/Transferee Company") under Section



230-232 of the Companies Act, 2013, praying for an order, for sanctioning the Scheme of Arrangement involving demerger between Kling Enterprises India Private Limited (Transferor Company) and Spacenet Enterprises India Limited (Transferee Company) and their respective Shareholders and Creditors, in terms of Scheme of Arrangement which is annexed at page no. 153-183 to the Petition.

2. The averments made in the application are briefly described here under:

Transferor Company:

- a. M/s. Kling Enterprises India Limited (CIN U67120TG2007PLC053474) is a Company incorporated under the provisions of the Companies Act, 1956. The main objects of the Transferor Company are to carry on the business of buying, holding, selling, underwriting, investing, acquiring various securities and properties including equity, preference, stocks, debentures, debentures-stock and bonds in any of the corporate, companies, firms, undertakings, bodies, etc. Certified copy of the Memorandum and Articles of Association of the Transferor Company is annexed hereto and marked as

Annexure: 1.

- b. The Authorised Share Capital of the Transferor Company is Rs.17,50,00,000/- (Rupees Seventeen Crores Fifty Lakhs only) divided into 17,50,00,000 (Seventeen Crores, Fifty Lakhs) Equity Shares of Re.1/- (Rupee One only) each.



The Present issued, subscribed and paid up share capital of the Transferor Company is Rs.17,50,00,000/- (Rupees Seventeen Crores Fifty Lakhs only) **divided** into, 17,50,00,000 (Seventeen Crores Fifty Lakhs) Equity Shares of Re.1/- (Rupee One only) each fully **paid-up**.

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Certified copy of the Audited Balance Sheet as at 31.03.2019 of the Transferor Company is annexed hereto and marked as **Annexure: 2.**

FINANCIALS - TRANSFEROR COMPANY

The financial summary of the Transferor Company as on 31.03.2019 is given below:

Particulars	Amount Rs.
EQUITY AND LIABILITIES:	
Share Capital	17,50,00,000
Reserves and Surplus	(4,84,07,408)
Non-Current Liabilities	
Unsecured Loans	3,41,95,586
Current Liabilities	
Other Current Liabilities	2,63,974
TOTAL	16,10,52,151
ASSETS:	
Non Current Assets	
Fixed Assets – Intangible	12,37,784
Non-current Investments	14,02,635
Current Assets	
Current Investments	51,51,152
Sundry Debtors	12,34,59,855
Cash and Bank Balances	3,45,702
Short Term Loans and Advances	2,94,55,023
TOTAL	16,10,52,151



Transferee Company:

- a. The Transferee Company viz., M/s. Spacenet Enterprises India Limited (CIN L72200TG2010PLC068624) is a Company incorporated under the provisions of the Companies Act, 1956. The main objects of the Transferee Company are to design, develop and to carry on the business of development of

Software tools and platforms providing fast, flexible and reliable commodities trading tools and to provide order management and risk management software tools for Global commodity markets using the Quantitative, Derivative and Neuro models. Certified copy of the Memorandum and Articles of Association of the Transferee Company is annexed hereto and marked as **Annexure: 3.**

- b. The Authorised Share Capital of the Transferee Company is Rs.50,00,00,000/- (Rupees Fifty Crores only) divided into 50,00,00,000/- (Fifty Crores) Equity Shares of Rs.1/- (Rupee One only) each.

The Present issued, subscribed and paid up share capital of the Transferee Company is Rs. 4,90,18,590/- (Rupees Four Crores Ninety Lakhs Eighteen Thousand Five Hundred and Ninety Only) divided into 4,90,18,590 (Four Crores Ninety Lakhs Eighteen Thousand Five Hundred and Ninety) Equity Shares of Re.1/- (Rupee One only) each fully paid-up.

Certified copy of the Audited Balance Sheet as at 31.03.2019 of the Transferee Company is annexed hereto and marked as **Annexure: 4.**

FINANCIALS - TRANSFEREE COMPANY

The financial summary of the Transferee Company as on 31.03.2019 is given below:

Particulars	Amount Rs.
EQUITY AND LIABILITIES:	
Share Capital	4,90,18,590
Other Equity	(15,28,68,443)
Non-Current Liabilities	
Borrowings	6,82,76,400
Current Liabilities	
Trade Payables	62,95,728



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Provisions	8,793
Other Current Liabilities	3,12,36,362
TOTAL	19,67,430
ASSETS:	
Non Current Assets	
Fixed Assets In-tangible Assets	2,98,316
Other Financial Assets	12,20,108
Other Non-current Assets	2,72,627
Current Assets	
Cash and Cash Equivalents	74,687
Other Financial Assets	1,01,692
TOTAL	19,67,430

3. The Board of Directors of Petitioner No. 1/Transferor Company and Petitioner No. 2/Transferee Company vide its resolution dated 23.05.2019 have approved the Scheme of Arrangement involving Demerger. The Scheme of arrangement is filed herewith as **Annexure-5**. Certified copy of the resolution passed at the meeting of the Board of Directors of the Petitioner No.1/Transferor Company approving the scheme annexed hereto and marked as **Annexure: 6**. Certified copy of the resolution passed at the meeting of the Board of Directors of the Petitioner No.2/Transferee Company approving the scheme, annexed hereto and marked as **Annexure: 7**.

4. **RATIONALE OF THE SCHEME:**

- The Transferor Company predominantly is into the business of buying and selling of securities, apart from buying and selling of securities Transferor Company is also having commodities trading business.
- The Scheme in the present case provides for demerger of its commodities trading division including with all the related



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assets and liabilities of Transferor Company into Transferee Company.

- c. The Commodity business undertaking of Transferor Company has significant potential for independent growth and is capable of attracting a separate set of investors, strategic partners, creditors and other stakeholders.
- d. The Transferor Company has developed an integrated B2B Commodity platform (www.weflip.in) to enable trading transactions cost effective and to make value chain more efficient. Transferor Company's B2B trading platforms aim, is to introduce superior transaction practices. This online Platform can bring in transparency in spot transactions in the commodity trade leading to efficient price discovery. This platform primarily designed to flip (buy and sell) various class of assets available in the market i.e. Real estate assets, automobile and e-commerce, etc.
- e. The Synergies that exist between Commodities business undertaking of the Transferor Company and the Transferee Company in terms of services and resources can be put to the best advantage of all stakeholders.
- f. The Scheme provides for segregation of the assets, liabilities (including resources deployed) related to the division being vested by way of demerger.
- g. The proposed scheme involves demerger of Commodity business undertaking of Transferor Company with Transferee Company is expected to result in the following benefits:
 - Realignment and consolidation of Commodity business in efficient manner and building strong capability to effectively meet future challenges in the present competitive business environment.
 - Synergies in operational process and creation of efficiencies as well as optimization of operation expenditure.



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- Increase in competitive strength, improvement in the financial managerial and technical capabilities.

In view of the above rationale, the Board of Directors of the Transferor Company and the Transferee Company are of the opinion that the demerger would benefit the shareholders, employees and other stakeholders of the Transferor Company and Transferee Company.

5. It is averred in the first stage this Tribunal passed orders in CA (CAA) No.51/230/HDB/2020 dated 21.02.2020 and directed for convening meetings of the shareholders of the Transferee Company and dispensed with the meetings of the Shareholders, Secured and unsecured creditors of Petitioner Company.1/Transferor Company and further dispensed with the meeting of unsecured creditors of the Petitioner Company.2/transferee Company for the proposed scheme of Arrangement. A copy of the Order dated 21.02.2020 is annexed hereto as **Annexure-20** to the Petition.
6. It is averred that as per the Tribunal Order dated 21.02.2020, petitioner companies appointed Shri V.B.Raju, Counsel as Chairman and Mr.M.V.S.Sridhar, Counsel as scrutinizer for conducting the meeting of shareholders of the Transferee Company. It is averred that due to Covid-19 Physical meeting could not be conducted and hence pleaded the Tribunal to waive of holding physical meeting and consider the e-voting as final results vide IA NO.297/2020. Accordingly the Tribunal vide order dated 08.05.2020 dispensed with the holding of physical meeting. The meeting was attended by 133 (One Hundred and Thirty Three) shareholders of the Company holding through e-voting. Out of which 128 shareholders holding 2,58,20,501 equity shares representing 99.78% of the total votes cast has voted in favour and 5 shareholders holding 57,145 equity shares




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representing 0.22% of the total votes cast has voted against the resolution and accordingly the resolution was passed with requisite majority. Copy of the report is enclosed as per Annexure-20 to the petition.

7. Learned Counsel for the Petitioner Companies further stated that on the direction of this Tribunal dated 27.08.2020, notices were served on the Income Tax Department, the Regional Director, South East Region, Registrar of Companies for the States of Andhra Pradesh and Telangana, NSE and Official Liquidator. Further as per directions, publication was also carried out in Business Standard, English Daily (Hyderabad Edition) on 04.09.2020 and Nava Telangana, Telugu Daily (Hyderabad Edition) on 04.09.2020.
8. The Regional Director, South East Region, Ministry of Corporate Affairs, Hyderabad vide his Affidavit dated 9th November, 2020 has stated that he has examined the report of the Registrar of Companies, Hyderabad and stated that the case may be disposed of on merits while considering certain observations. The Petitioner Companies have filed reply Affidavit dated 9th November, 2020 in response to the observations made by The Regional Director, South East Region, Ministry of Corporate Affairs, Hyderabad where under the petitioner companies gave undertaking to appropriately comply the observations made therein. We have seen the undertaking affidavit given by Petitioner Companies.



S.No	Observations by Regional Director	Reply given by the Petitioner Company
3(a)	Hon'ble Tribunal may be pleased to direct the Petitioner Company(s) to preserve its books of accounts and papers and	It is submitted that the petitioner Companies will ensure the compliance of the provisions of Section 239 of Companies Act, 2013 all applicable laws and Rule 17(2) of

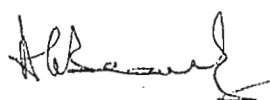
	records and shall not be disposed off without the prior permission of the central Government in terms of provisions of Section 239 of the Companies Act, 2013.	the Companies (Compromise, Arrangement and Amalgamation) Rules, 2013.
3(b)	Hon'ble Tribunal may be pleased to direct the Petitioner Company(s) to ensure statutory compliance of all applicable laws and on sanctioning of the present scheme the applicant company shall not be absolved for any of its statutory liability in any manner.	
3(c)	Hon'ble Tribunal may be pleased to direct the Petitioner Companies), involved in the scheme to comply with Rule 17(2) of the Companies (Compromise, Arrangement and Amalgamation) Rules 2013 with respect to filing of order for confirmation of schemes to be filed in Form INC-28 with the concerned office of Registrar of Companies by the Petitioner Company	
3(d)	Transferee Company is listed Company, for which NOC from NSE is obtained on 04.12.2019 which is valid for six months. Tribunal may be pleased to confirm whether the scheme is filed before the Tribunal within six months.	It is the petitioner who have submitted the Scheme of Arrangement vide CA NO.51/230/HDB/2020 in January, 2020 which was disposed of by the Tribunal on 21.02.2020.



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10	<p>Transferee Company has FII's- Albula Investment Fund Limited held equity shares 2832492 and NRI-held equity shares 505037. Hence, Hon'ble Tribunal may be pleased to direct the Petitioner Company to state whether it has complied with the provisions of FEMA/RBI.</p>	<p>It is submitted that as per the provisions of Foreign Exchange Management Regulations, 2017 Transferee Company is eligible to receive 100% equity under automatic route without any approval.</p> <p>It is further submitted that as per Schedule 2 of the Foreign Exchange Management Regulations, 2017 FII's and NRI can acquire upto 24% from the stock market under the Automatic Route with a condition they shall not acquire more than 10% individually.</p> <p>Further none of the shareholders of the Transferor Company are non-residents and hence allotment of shares to the Shareholders of the Transferor Company doesn't attract the provisions relating FEMA/RBI.</p>
11	<p>Hon'ble Tribunal may be pleased to direct the petitioner companies to give an undertaking that they will comply with the observations made by NSE in the letter dated 04.02.2019.</p>	<p>Petitioner Companies undertake to comply with all the observations made in the letter dated 04.12.2019 by NSE.</p>
12	<p>Hon'ble Tribunal may be pleased to direct the Petitioner Companies to place on record whether the Company being a listed Company was required to convene any meeting of public shareholders separately for the purpose of acquisition of the unit from demerged Company. To direct whether subsequent to the proposed demerger any shareholding of the promoter is increased</p>	<p>It is submitted that as per para (I)(A)(a) of SEBI circular No.CFD/DIL/CIR/2017/21 dated 10.03.2017 the Transferee Company is required to provide for voting by public shareholders through e-voting. It is further submitted that as per Rule 20 of the Companies Rules, 2014 every listed Company is required to give e-voting facility to all its shareholders. In further clarification filed SEBI circular No. CFD/DIL3/CIR/2017/21 dated 10.03.2017</p>





	in numbers or in percentage.	
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9. The Official Liquidator has filed his report, OLR NO.22/2020 dated 05.10.2020 confirming that the Official Liquidator is not entitled to submit specific representation in the scheme of demerger.
10. Transferee Company is a listed Company whose shares are listed on NSE. The stock exchange has given its consent for the scheme. Copy of consent/observation letter of Stock Exchanges are enclosed as **Annexure -19** i.e at pg no.264 and 265.
11. It is stated that there is no petition under Sections 397 or 398 of the Companies Act, 1956 or Section 241 to 244 of the Companies Act, 2013 filed against the Petitioners and there has been no material change in the affairs of the Petitioners, except for what was done in the normal course of business. There are no proceedings pending under Section 235 to 251 of the Companies Act, 1956 or under Section 210 to 227 of the Companies Act, 2013 against the Petitioners. No winding up petition is pending against the Transferee Company.
12. The Accounting Treatment proposed in the Scheme of Amalgamation is in conformity with the accounting standards prescribed under Section 133. Copy of the Certificate under Section 133 of the Companies Act, 2013 is enclosed as **Annexure - 17** i.e at pg no.256-259.
13. In consideration for the demerger of the Demerged Business, including the transfer and vesting thereof in the Transferee Company pursuant to Part II of the Scheme, the Transferee Company shall, without any further payment, issue and allot to each member of the Transferor Company a fully paid Equity Share on a proportionate basis in the Ratio of 58 Equity Shares in



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the Transferee Company of the Face Value of Re. 1/- for every 93 Equity Share of Re. 1/- each fully paid up held by such member or his/her/its heirs executors, administrators or successors in the Transferor Company whose name is recorded in the register of members of the Transferor Company on the Record Date.

A person who is holding less than 93 shares in the Transferor shall get shares in the Transferee Company proportionately and any fractional entitlement shall be dealt in accordance with clause 5.3 of the Scheme. Copy of the fairness opinion and valuation Report is enclosed as per **Annexure – 8**.

14. After hearing the Counsel for the Petitioner Companies and considering the material on record, we are of the view that the Scheme of arrangement is not opposed to public interest and hence the Scheme of arrangement involving demerger can be approved.

THIS TRIBUNAL DO FURTHER ORDER

1. While approving the Scheme of Arrangement, we make it clear that this order should not be construed as an order in any way 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 specially required under law.
2. The Demerged Undertaking of the Demerged Company be transferred without any further act or deed to the Resulting Company pursuant to Section 232 of the Companies Act, 2013 and also in accordance with Section 2(19AA) of the Income Tax Act, 1961 and accordingly the **same** shall be transferred to and vest in the Resulting Company **as** a going concern;
3. The whole of the assets, property, rights and **powers** of the Demerged Undertaking of the Demerged Company be



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transferred without any further act or deed to the Resulting Company and accordingly the same shall pursuant to Section 232 of the Companies Act, 2013 be transferred to and vest in the Resulting Company to become the assets, property, rights and powers of the Resulting Company; and

4. If Demerged Company or Resulting Company restructures its equity share capital by way of any corporate actions during the pendency of the Scheme, except as provided in the Scheme of Arrangement, the same shall be done with the approval of the Tribunal.
5. Direct the petitioner companies to comply with the observations pointed out by the Regional Director if any.
6. All the liabilities including taxes and charges if any and duties of the Demerged Undertaking of the Demerged Company be transferred without any further act or deed to the Resulting Company and accordingly the same shall pursuant to section 232 of the Companies Act, 2013 and also in accordance with Section 2(19AA) of the Income Tax Act, 1961 be transferred to and become the liabilities including taxes and charges if any and duties of the Resulting Company;
7. The tax implications, if any, arising out of the Scheme is subject to final decision of concerned tax authorities and the decision of the Concerned Tax Authorities shall be binding provided however the same would be subject to the appellate provisions available to the Petitioner Companies under the respective tax laws.
8. The Petitioner Companies are directed to strictly comply with the Accounting Treatment Standards prescribed under Section 133 of the Companies Act, 2013.
9. All the proceedings now pending by or against the Demerged Company to the extent related to the Demerged Undertaking, if any, be continued by or against the Resulting Company; and
10. The Petitioner Companies shall within thirty days of the date of receipt of this order cause a certified copy of this order




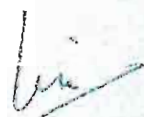
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along with a copy of scheme of Demerger to be delivered to the Registrar of Companies for registration in accordance with Rule 25 (7) of Companies (Compromises, Arrangements & Amalgamation) Rules, 2016.

11. The Scheme of Arrangement shall be effective from the, appointed date as mentioned in the Scheme of Arrangement i.e. 01.04.2019, so as to be binding on all the members, employees, creditors of the Petitioner Companies.
12. The Resulting Company shall pay the difference of stamp duty, if any payable over the increase in the share, capital after setting off the fee if any paid by the Demerged Company.
13. The petitioner Companies should 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.
14. The Companies shall until the completion of the Scheme, file a statement in such form and within such time as prescribed with the Registrar every year duly certified by a Chartered Accountant or a Cost Accountant or a Company, Secretary to the effect that the Scheme of Arrangement is being complied in accordance with the orders of the Tribunal as required under Section 232 (7) of the Companies Act, 201
15. Any person shall be at the liberty to apply to the Tribunal in the above matter for any directions that may be, necessary.


Veera Brahma Rao Arekapudi
 Member Technical


K. Anantha Padmanabha Swamy
 Member Judicial


 Deputy Registrar / Assistant Registrar / Court Officer
 National Company Law Tribunal, Hyderabad Bench

Pavani

प्रमाणित प्रति
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 केस संख्या
 CASE NUMBER... 221/230/HQ/2020
 निर्णय का तिथि
 DATE OF JUDGEMENT... 5/1/2020
 प्रति तैयार किया गया तिथि
 6/1/2020

Annexure - 8

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**SCHEME OF ARRANGEMENT INVOLVING DEMERGER
BETWEEN**

KLING ENTERPRISES INDIA LIMITED

(CIN U67120TG2007PLC053474)

(TRANSFEROR COMPANY)

AND

SPACENET ENTERPRISES INDIA LIMITED

(CIN L72200TG2010PLC068624)

(TRANSFeree COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013)

PREAMBLE

KLING ENTERPRISES INDIA LIMITED ("Transferor Company"), a Public Company, having its registered office at A to Z Elite, 1st Floor, Plot No. 197, S.Y. No. 48P, Guttala Begumpet, Madhapur, Hyderabad - 500081, Telangana, having Corporate Identification Number U67120TG2007PLC053474 Transferor Company is engaged in business of Commodity Trading and buying and selling Securities.

(B) SPACENET ENTERPRISES INDIA LIMITED ("Transferee Company"), a Public listed Company, having its registered office at A to Z Elite, 1st Floor, Plot No. 197, S.Y. No. 48P, Guttala Begumpet, Madhapur, Hyderabad - 500081, Telangana, having Corporate Identification Number

For KLING ENTERPRISES INDIA LIMITED

Director
For SPACENET ENTERPRISES INDIA LIMITED

Director



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L72200TG2010PLC068624. Transferee Company is engaged into business of Software Development and Commodity Trading.

**RATIONALE FOR THE SCHEME OF ARRANGMENT INVOLVING
DEMERGER**

i) The Transferor Company predominantly is into the business of buying and selling of securities, apart from buying and selling of securities Transferor Company is also having commodities trading business.

ii) The Scheme in the present case provides for demerger of its commodities trading division including with all the related assets and liabilities of Transferor Company into Transferee Company.

iii) The Commodity business undertaking of Transferor Company has significant potential for independent growth and is capable of attracting a separate set of investors, strategic partners, creditors and other stakeholders.

iv) The Transferor Company has developed an integrated B2B Commodity platform (www.weflip.in) to enable trading transactions cost effective and to make value chain more efficient. Transferor Company's B2B trading platforms aim is to introduce superior transaction practices. This online Platform can bring in transparency in spot transactions in the commodity trade leading to efficient price discovery. This platform primarily designed to flip (buy and sell) various class of assets available in the market i.e.

Real estate assets, automobile and e-commerce etc.

For SPACNET ENTERPRISES INDIA LIMITED

For SPACNET ENTERPRISES INDIA LIMITED

Director

Director



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- v) The Synergies that exist between Commodities business undertaking of the Transferor Company and the Transferee Company in terms of services and resources can be put to the best advantage of all stakeholders.
- vi) The Scheme provides for segregation of the assets, liabilities (including resources deployed) related to the division being vested by way of demerger.
- vii) The proposed scheme involves demerge of Commodity business undertaking of Transferor Company with Transferee Company is expected to result in the following benefits:
- a) Realignment and consolidation of Commodity business in efficient manner and building strong capability to effectively meet future challenges in the present competitive business environment.
- b) Synergies in operational process and creation of efficiencies as well as optimization of operation expenditure.
- c) Increase in competitive strength, improvement in the financial managerial and technical capabilities.



The Board of Directors of the Transferor Company and the Transferee Company are of the opinion that the demerger would benefit the shareholders, employees and other stakeholders of the Transferor Company and Transferee Company.

For KLING ENTERPRISES INDIA LIMITED

For SPACEENT ENTERPRISES INDIA LIMITED

Director



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Director

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**BENEFITS OF THE SCHEME OF ARRANGMENT INVOLVING
DEMERGER**

- i) The Demerged Business and Remaining Business carried on by Transferor Company have significant potential for growth. The nature of risk and competition involved in each of these units are distinct from other and consequently Demerged Business and Remaining Business is capable of attracting a different set of business leaders, employees, investors, strategic partners, lenders and other stakeholders. The Board of Directors of the Transferor Company felt that the Demerged Business and Remaining Business should be bifurcated and should be managed separately.
- ii) In order to have greater and complete focus to the operations of each of Demerged Business and Remaining Business and evolve strategies for growth and expansion of activities of Demerged Business and Remaining Business separately, apart from attracting investors into each of the Demerged Business and Remaining Business, Transferor Company proposes to re-organize and segregate, by way of demerger, its business.
- iii) Demerged Business and Remaining Business has tremendous growth and profitability potential, especially Remaining Business is at a stage where they require focused leadership and management attention.



For KLING ENTERPRISES INDIA LIMITED

[Signature]

Director

For SPACENT ENTERPRISES INDIA LIMITED

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Director

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- iv) It is believed that the proposed segregation will create enhanced value for all stakeholders and allow a focused strategy in operations, which would be in the best interest of Transferor Company, its all stakeholders, creditors and all persons connected with Transferor Company.
- v) The Demerger will also provide scope for independent collaboration and expansion without committing the existing organization in its entirety.
- vi) The Demerger also envisages the utilisation of the B2B Commodity platform (www.weflip.in) of the Transferee Company to enhance the performance of Demerged Business which will benefit all the stakeholders, creditors and all other persons connected with Transferor Company and Transferee Company.
- vii) With aforesaid objective, it is proposed to Demerge Transferor Company's Commodity Business from the Transferor Company to Transferee Company.
- viii) The Board of Directors of the Transferor Company and Transferee Company are of the opinion that the demerger would benefit the shareholders, employees and other stakeholders of the Transferor Company and Transferee Company.

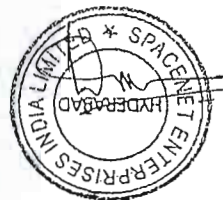


For KLING ENTERPRISES INDIA LIMITED

Director

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For SPACNET ENTERPRISES INDIA LIMITED

For SPACNET ENTERPRISES INDIA LIMITED



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This Scheme of Arrangement is divided into the following parts:-

Part I: Definitions of the terms used in this Scheme of Arrangement, Effective Date and the Share Capital.

Part II: Dealing with the vesting of undertaking of Commodity Buiness of Transferor Company into Transferee Company.

Part III: General Terms and Conditions that would be applicable to the Scheme.



SPACENET ENTERPRISES INDIA LIMITED
Director

For SPACENET ENTERPRISES INDIA LIMITED

G. J. [Signature]

Director



[Signature]

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PART - I

1. DEFINITIONS

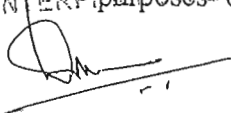
In this Scheme (as defined hereinafter), unless repugnant to the meaning or context thereof, the following expressions shall have the meaning mentioned herein below:

- 1.1 "Act" or "The Act" means the Companies Act, 2013 as in force from time to time.;
- 1.2 "Appointed Date" means, for the purpose of this Scheme 1st April 2019 and subject to being approved by the National Company Law Tribunal (NCLT), Hyderabad Bench for the State of Telangana and the State of Andhra Pradesh;
- 1.3 "Demerged Business" means the Commodity Business as on 31st March 2019 mentioned in the Schedule of the Transferor Company (as modified and altered from time to time to the Effective Date), including but not limited to debts, liabilities, duties and obligations including reserves, if any, appertaining or allocated to the Investments as on the Appointed Date and more particularly described at Schedule:

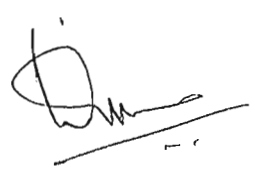
"NCLT" means the National Company Law Tribunal at Hyderabad for the State of Telangana and the State of Andhra Pradesh. ;

- 1.5 "Record Date" means the date to be fixed jointly by the Board of Directors of Transferor Company and Transferee Company for the

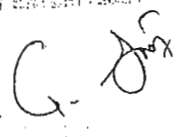
For KLING ENTERPRISES INDIA LIMITED purposes of determining the shareholders of Transferor Company to

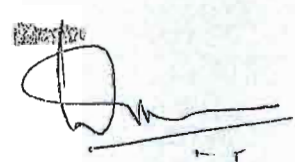


Director



For SPACEMET ENTERPRISES INDIA LIMITED







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whom consideration would be given for vesting of the Demerged Business, in accordance with this Scheme (as defined hereinafter);

1.6 **"Remaining Business"** means, all other businesses, divisions, assets and liabilities of the Transferor Company other than the Demerged Business as defined in sub clause 1.3 above.

1.7 **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme of Arrangement involving demerger of Commodity Business held by Transferor Company into Transferee Company;

1.8 **"Stock Exchange"** or **"Stock Exchanges"** means the National Stock Exchange of India Limited on which the shares of the Company are listed.

1.9 **"Transferee Company"** means Spacenet Enterprises India Limited, a Public listed Company incorporated under the Companies Act, 1956 having its registered office at A to Z Elite, 1st Floor, Plot No. 197, S.Y. No. 48P, Guttala Begumpet, Madhapur, Hyderabad - 500081, Telangana, having Corporate Identification Number L72200TG2010PLC068624;



1.10 **"Transferor Company"** means Kling Enterprises India Limited, a Public Company, incorporated under the Companies Act, 1956 having its registered office at A to Z Elite, 1st Floor, Plot No. 197, S.Y. No. 48P, Guttala Begumpet, Madhapur, Hyderabad - 500081, Telangana, having Corporate Identification Number U67120TG2007PLC053474;

For KLING ENTERPRISES INDIA LIMITED

Director

For SPACENET ENTERPRISES INDIA LIMITED



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

2. DATE OF TAKING EFFECT

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT shall be effective from the Appointed Date.

3. SHARE CAPITAL

3.1 The authorized, issued, subscribed and paid share capital of Spacenet Enterprises India Limited (Transferee) as on March 31, 2019 is as under:

Particulars	Amount (Rs.)
Authorised Capital	
17,50,00,000 equity shares of Re. 1 each	17,50,00,000
Total	17,50,00,000
Issued Subscribed and Paid-up Capital	
17,50,00,000 equity shares of Re. 1 each	17,50,00,000
Total	17,50,00,000



3.2 The authorized, issued, subscribed and paid share capital of Kling Enterprises India Limited (Transferor) as on March 31, 2019 is as under:

For KLING ENTERPRISES INDIA LIMITED

[Signature]

Director

For SPACENET ENTERPRISES INDIA LIMITED

[Signature]

Director

[Signature]



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Particulars	Amount (Rs.)
Authorised Capital	
50,00,00,000 shares of Rs.1/- each	50,00,00,000
Total	50,00,00,000
Issued, Subscribed and Paid-up Capital	
4,90,18,590 shares of Rs.1/- each	4,90,18,590
Total	4,90,18,590

PART – II

4. VESTING OF THE DEMERGED BUSINESS

4.1 With effect from the Appointed Date and upon the Scheme becoming effective, the Demerged Business of Transferor Company, shall, under the provisions of Section 230 to 232 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to the Transferee Company as a going concern in accordance with Section 2(19AA) of the Income Tax Act, 1961, so as to become, as and from the Appointed Date, the assets and liabilities of the Transferee Company and there shall be vested in the Transferee Company all the rights, titles, interests or obligations of the said Demerged Business therein and shall be free from all encumbrances.

4.2 With effect from the Appointed Date and upon the Scheme becoming effective, all the assets relating to the Demerged Business of Transferor

Company, as are movable in nature or incorporeal property or are



Director For SPACEMET ENTERPRISES INDIA LIMITED



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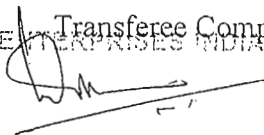
otherwise capable of transfer by manual delivery or by endorsement and delivery, shall be so transferred, delivered or endorsed and delivered, as the case may be, by the Transferor Company, and shall upon transfer become the property and an integral part of the Transferee Company. In respect of such of the said assets other than those referred to hereinabove, the same shall, without any further act, instrument or deed, be transferred to, and vested in, and/or be deemed to be transferred to and vested in, the Transferee Company.

- 4.3 For avoidance of doubt, upon the Scheme becoming effective, all the rights, title, interest and claims of the Transferor Company in relation to the Demerged Business shall, pursuant to Section 230 to 232 of the Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company. The Transferor Company shall, wherever necessary, execute all necessary documents at the cost of the Transferee Company, to effect and evidence such transfer and vesting of assets, rights, licences, etc., covered in this Scheme and make necessary applications to the authorities concerned independently and/or jointly with the Transferee Company for such transfer and vesting.



- 4.4 For the purpose of giving effect to the order passed under Sections 230 to 232 in respect of this Scheme, the Transferee Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and appurtenant legal right(s) upon the vesting of such assets of the Demerged Business of Transferor Company in the

For KLING ENTERPRISES INDIA LIMITED



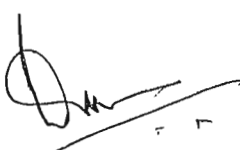
Director

For SPACENET ENTERPRISES INDIA LIMITED











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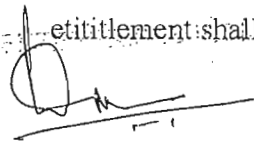
- 4.5 All liabilities and obligations attributed to the Demerged Business of Transferor Company, taken over by the Transferee Company may be discharged by the Transferee Company.
- 4.6 The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite agreement, confirmations or novations to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if it is so required or if it becomes necessary.

5. CONSIDERATION

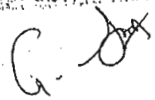
- 5.1 In consideration for the demerger of the Demerged Business, including the transfer and vesting thereof in the Transferee Company pursuant to Part II of the Scheme, the Transferee Company shall, without any further payment, issue and allot to each member of the Transferor Company a fully paid Equity Share to on a proportionate basis in the Ratio of 58 Equity Shares in the Transferee Company of the Face Value of Re. 1/- for every 93 Equity Share of Re. 1/- each fully paid up held by such member or his/her/its heirs executors, administrators or successors in the Transferor Company whose name is recorded in the register of members of the Transferor Company on the Record Date.

A person who is holding less than 93 shares in the Transferor shall get shares in the Transferee Company proportionately and any fractional entitlement shall be dealt in accordance with clause 5.3 of the Scheme.

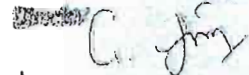
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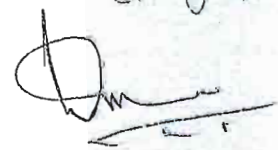
Director
FOR SPACENET ENTERPRISES INDIA LIMITED





Director






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Ex: A person who is holding 92 shares in the Transferor Company is entitled to receive 57.38 shares in the Transferee Company. The Transferee Company shall issue 57 shares to such shareholder and balance fractional entitlement shall be dealt in accordance with clause 5.3 of the Scheme.

5.2 The Equity Shares to be issued and allotted pursuant to Clause 5.1 shall in all respects, rank pari passu with the existing equity shares of the Transferee Company, save and except in relation to dividends, if any, to which they may be entitled to, as and from the Appointed Date.

5.3 No fractional share shall be issued by the Transferee Company. In respect of the fractional entitlements, if any, to which the shareholders of the Transferor Company are entitled on the issue and allotment of equity shares by the Transferee Company in accordance with the scheme. The Board of Directors/committee of Directors of the Transferee Company shall instead consolidate all such fractional entitlements to which the shareholders of Transferor may be entitled on issue and allotment of the equity shares of the Transferee Company as aforesaid and shall without any further application, act, instrument or deed, issue and allot such fractional entitlements directly to an individual trustee or a Board of trustees or a corporate trustee (the trustee), who shall hold such fractional entitlements with all additions or accretions thereto in trust for the benefit of the respective shareholders to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such fractional entitlements in the market at such price or prices and at such time or times as the trustee may in its sole discretion decide,

the net sale proceeds thereof and any additions and accretions, whereupon
For KLING ENTERPRISES INDIA LIMITED

For SPACNET ENTERPRISES INDIA LIMITED

Director

Director



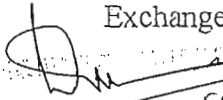
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the Transferee Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Transferor Company in proportion to their respective fractional entitlements.

- 5.4 The shares shall be issued to the members of the Transferor Companies in dematerialised form by the Transferee Company.
- 5.5 The issue and allotment of new equity shares by the Transferee Company to the shareholders of the Transferor Companies is an integral part of this Scheme and shall be deemed to have been carried out without any further act or deed and the approval of the shareholders of the Transferee Company to the Scheme shall be deemed to be due compliance of the provisions of Sections 42 and 62 and other relevant or applicable provisions of the Act and all other laws including but not limited Securities and Exchange Board of India regulations.



The equity shares of the Transferee Company are listed and admitted to trading on the Stock Exchange(s). The Transferee Company shall enter into such arrangements and give such confirmation and/ or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the Stock Exchanges with respect to the issued equity shares under this Scheme. On such formalities being fulfilled, the Stock Exchange(s) shall list and/ or admit such equity shares issued pursuant to this Scheme, for the purpose of trading. The equity shares allotted pursuant to Clause 5.1 shall remain frozen in the depositories system till listing/ trading permission is given by the Stock Exchanges, respectively.

For 
 Director

For SPACEMET ENTERPRISES PVT. LIMITED

Director







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- 5.7 The Transferee Company shall, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities for the issue and allotment by the Transferee Company of New Equity Shares to the members of the Transferor Company.

REDUCTION OF CAPITAL OF TRANSFEROR COMPANY:

- 5.8 Upon the sanction of the Scheme of Arrangement and transfer of the Demerged Undertaking hereof, and the Scheme of Arrangement becoming effective 12,60,00,000 fully paid-up Equity Shares of Re.1/- each in the Transferor Company shall stand cancelled. Accordingly the paid up share capital of the Transferor Company shall stand reduced by Rs. 12,60,00,000/- and the paid up share capital of the Transferor Company shall stand at Rs. 4,90,00,000/-.

- 5.9 The above reduction of share capital will be effected by cancelling all the existing shares held by the shareholders of the Transferor Company and issuing new shares of Rs. 1/- each in the ratio of 28 shares for every 100 shares held by such shareholder.

Ex.1: A person who is holding 100 (One Hundred) Equity Shares of Rs. 1/- each aggregating to Rs. 100/- (Rupees One Hundred only) shall hold after reduction 28 (Twenty Eight) Equity Share of Rs. 1/- each aggregating to Rs. 28/- (Rupees Twenty Eight only).

Ex.2: A person who is holding 10 (Ten) Equity Shares of Rs. 1/- each aggregating to Rs. 10/- (Rupees Ten only) who is entitled to

For KLING ENTERPRISES INDIA LIMITED

Director

For SPACNET ENTERPRISES INDIA LIMITED



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shares, out of which the Transferor Company shall issue 2 (Two) Equity Share of Rs. 1/- each aggregating to Rs. 2/- (Rupee Two only) and balance fraction will be dealt in accordance with clause 5.10 of this Scheme. Similarly a person who is holding 8 (Eight) Equity Shares of Rs. 1/- each aggregating to Rs. 8/- (Rupees Eight only) who is entitled to for 2.24 shares, out of which the Company shall issue 2 (Two) Equity Share of Rs. 1/- each aggregating to Rs. 2/- (Rupee Two only) and balance fraction will be dealt in accordance with clause 5.10 of this Scheme. A person who is holding 2 (Two) Equity Shares of Rs. 1/- each aggregating to Rs. 2/- (Rupees Two only) who is entitled for fractional shares shall not receive any shares his fraction will be dealt in accordance with clause 5.10 of this Scheme.

5.10 No fractional share shall be issued by the Transferor Company to its shareholders pursuant to the reduction. In respect of the fractional entitlements, if any, to which the shareholders of the Transferor Company are entitled on the issue and allotment of equity shares by the Transferor Company in accordance with the scheme. The Board of Directors/committee of Directors of the Transferor Company shall instead consolidate all such fractional entitlements to which the shareholders of Transferor may be entitled on issue and allotment of the equity shares of the Transferor Company as aforesaid and shall without any further application, act, instrument or deed, issue and allot such fractional entitlements directly to an individual trustee or a Board of trustees or a corporate trustee (the trustee), who shall hold such fractional entitlements with all additions or accretions thereto in trust for the benefit of the respective shareholders to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of

For KLING ENTERPRISES INDIA LIMITED

Director

For SPACENET ENTERPRISES INDIA LIMITED



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selling such fractional entitlements at such price or prices and at such time or times as the trustee may in its sole discretion decide, the net sale proceeds thereof and any additions and accretions, whereupon the Transferor Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Transferor Company in proportion to their respective fractional entitlements.

5.11 Such reduction of Equity Share Capital of the Transferor Company as provided in the Clauses 5.8, 5.9 and 5.10 above, shall be effected as an integral part of the Scheme itself as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital and the order of the National Company Law Tribunal sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction without the need on the part of the Transferor Company, to carry out any further act or deed. While approving the Scheme as a whole, the Shareholders of the Transferor Company shall have resolved and accorded the relevant consents as required under Section 66 of the Act or any other provisions of the Act.



ACCOUNTING TREATMENT

In the books of Transferee Company

6.1 Transferee Company shall, upon the Scheme becoming effective, record the assets and liabilities of the Demerged Business of Transferor Company vested in it pursuant to this Scheme, at respective book values, as appearing in the books of Transferor Company at the close of business

For TRANSFEROR COMPANY LIMITED

Director

For SPACEMET ENTERPRISES INDIA LIMITED



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on the day immediately preceding the Appointed Date in accordance with Accounting Standards as may be applicable from time to time.

6.2 The Transferee Company shall credit to its share capital account, the aggregate face value of the new shares on Demerger issued by it pursuant to Clause 5.1 of this Scheme.

6.3 The amount of the net assets/ (liabilities) of the Demerged Business of the Transferor Company transferred to Transferee Company (being the difference between the value of assets and value of liabilities of the Demerged Business, as recorded in the books of Transferee Company as per clause 6.1 above), after adjusting against the shares allotted by the Transferee Company would be adjusted respectively against the reserves of Transferee Company.

In the books of Transferor Company

6.4 Upon the Scheme becoming effective, Transferor Company shall reduce the book value of assets and liabilities pertaining to the Demerged Business Transferred to Transferee Company.

6.5 The excess of the book value of assets vested over the book value of liabilities vested (i.e. net book value of assets vested) if any, shall be adjusted against the balance in the General Reserve/balance in profit and loss account of the Transferor company. In case of a shortfall, the shortfall shall be credited to Capital Reserve account of the Transferor

For KLING ENTERPRISES INDIA LIMITED

Director
For SPACENT ENTERPRISES INDIA LIMITED



[Signature]

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In case of any inconsistency between the accounting treatment mentioned in clause 6 of this Scheme and Accounting Standards, then the accounting treatment shall done be in accordance with the applicable Accounting Standards.

7. **PROFITS, DIVIDEND, BONUS/RIGHT SHARES**

Transferor Company shall not utilise profits or income, if any, pertaining to the Demerged Business for any purpose including declaring or paying any dividend in respect of the period falling on and after the Appointed Date. Transferor Company shall also not utilise profits, adjust or claim adjustment of the profits/loss as the case may be earned/incurred or suffered in respect of the Demerged Business after the Appointed Date.

8. **CONDUCT OF THE DEMERGED BUSINESS OF TRANSFEROR COMPANY TILL THE EFFECTIVE DATE**

With effect from the Appointed Date:

Transferor Company shall be deemed to have been carrying on and shall carry on its business and activities relating to the Demerged Business and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the Demerged Business for and on account of and in trust for the Transferee Company.

8.2 Transferor Company shall carry on its business and activities relating to the Demerged Business with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of the Transferee Company alienate, charge, mortgage,

For KLING ENTERPRISES INDIA LIMITED

Director

For SPACENET ENTERPRISES INDIA LIMITED



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encumber or otherwise deal with or dispose of the Demerged Business or part thereof.

8.3 All the profits or income accruing or arising to Transferor Company or expenditure or losses arising or incurred or suffered by Transferor Company pertaining to the Demerged Business shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of the Transferee Company.

8.4 Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which the Transferee Company may require pursuant to this Scheme.

9. **STAFF, WORKMEN AND EMPLOYEES OF THE TRANSFEROR COMPANY:**



On the Scheme becoming operative, all staff, workmen and employees (if any) of Transferor Company pertaining to the Demerged Business in service on the Effective Date shall be deemed to have become staff and employees of the Transferee Company without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with Transferee Company shall not be less favourable than those applicable to them with reference to their employment in

Transferor Company.

For KLING

Director

For SPACENT ENTERPRISES INDIA LIMITED



Director

- 9.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts, if any, created or existing for the benefit of the staff, workmen and employees of Transferor Company pertaining to the Demerged Business or all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the terms and conditions of the said Fund or Funds or in accordance with the terms and conditions of the said Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of Transferor Company in relation to the Demerged Business in relation to such Fund or Funds shall become those of the Transferee Company. It is clarified that the services of the staff, workmen and employees of Transferor Company pertaining to the Demerged Business will be treated as having been continuous for the purpose of the said Fund or Funds.



- 9.3 Transferee Company shall not vary the terms and conditions of employment of any of the employees of Transferor Company pertaining to the Demerged Business except in the ordinary course of business.

10. LEGAL PROCEEDINGS

- 10.1 If any suit, appeal or other proceeding of whatever nature by or against Transferor Company in relation to the Demerged Business is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, as the case may be.

For KLING ENTERPRISES INDIA LIMITED

Director

For SPACENET ENTERPRISES INDIA LIMITED



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in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Transferor Company in relation to the Demerged Business as if this Scheme had not been made.

10.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against Transferor Company in relation to the Demerged Business, Transferee Company shall be made party thereto and any payment and expenses made thereto shall be the liability of the Transferee Company.

11. VESTING OF RIGHTS AND OBLIGATIONS UNDER CONTRACTS, DEEDS AND OTHER INSTRUMENTS.

11.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Demerged Business to which Transferor Company is a party and which is subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of and may be enforced by or against the Transferee Company as fully and effectually as if, instead of Transferor Company the Transferee Company had been a party thereto.

11.2 Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Transferor



For MCA

Director

For SPACENT ENTERPRISES INDIA LIMITED



Director

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Company for the Demerged Business and to implement or carry out all formalities required to give effect to the provisions of this Scheme.

12. SAVING OF CONCLUDED TRANSACTIONS

The vesting of the Demerged Business of Transferor Company into Transferee Company under Clause 4 above and the continuance of proceedings by or against Transferee Company under Clause 10 above shall not affect any transaction or proceedings already concluded by Transferor Company for the Demerged Business on or after the Appointed Date till the Effective Date, to the end and intent that Transferee Company accept and adopts all acts, deeds and things done and executed by Transferor Company for the Demerged Business in respect thereto as done and executed on behalf of the Transferee Company.



13. REMAINING BUSINESS OR UNDERTAKING OF TRANSFEROR COMPANY

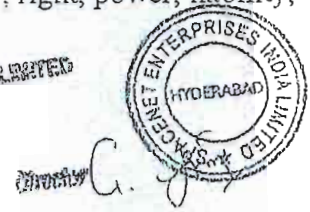
13.1 The remaining business of Transferor Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by Transferor Company.

13.2 All legal and other proceedings by or against Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Effective Date and relating to the remaining business of Transferor

Company (including those relating to any property, right, power, liability,

For KLING ENTERPRISES LIMITED

Director, For SPACENT ENTERPRISES LIMITED



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obligation or duty of Transferor Company in respect of the remaining business of Transferor Company) shall be continued and enforced by or against Transferor Company.

13.3 With effect from the Appointed Date -

- (a) Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the remaining business of Transferor Company for and on its own behalf,
- (b) All profit accruing to Transferor Company thereon or losses arising or incurred by it relating to the remaining business of Transferor Company shall, for all purposes, be treated as the profit, or losses, as the case may be, of Transferor Company.

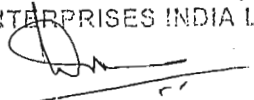

13.4 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Remaining Business to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Appointed Date, shall be in full force and effect on or against or in favour, as the case may be, of the Transferor Company.



14. TREATMENT OF TAXES

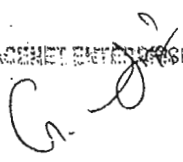
14.1 Any liabilities including all liabilities under the Income-tax Act, 1961, Excise Laws, Service Tax Laws, Central Sales Tax Laws, applicable

For KLING ENTERPRISES INDIA LIMITED

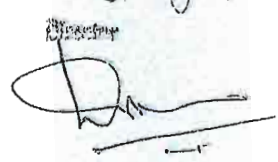



Director

For SPACNET ENTERPRISES INDIA LIMITED







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State Value Added Tax Laws, The Integrated Goods and Services Tax Act, 2017, The Central Goods and Services Tax Act, 2017, Telangana Goods and Services Tax Act, 2017 and any other state Goods and Services Tax Act, 2017, The Goods and Services Tax (Compensation to States) Act, 2017, Stamp Laws or other applicable laws/ regulations (hereinafter in this Clause referred to as "Tax Laws") dealing with taxes/ duties/ levies allocable or related to the Demerged Business of the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to Transferee Company.

14.2 All taxes (including income tax, wealth tax, sales tax, excise duty, customs duty, service tax, CGST, SGST, IGST, UTGST, GST Compensation Cess, VAT etc.) paid or payable by the Transferor Company in respect of the operations and/ or the profits of the Demerged Business on and from the Appointed Date, shall be on account of the Transferee Company and, in so far as it relates to the tax payment (including without limitation income tax, wealth tax, sales tax, excise duty, customs duty, service tax, CGST, SGST, IGST, UTGST, GST Compensation Cess, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the Demerged Business on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and, shall, in all proceedings, be dealt with accordingly.

14.3 The Transferee Company shall be entitled to carry forward, avail or set-off any unutilized CENVAT credit, VAT credit, Entry tax, unutilised

For KLING ENTERPRISES INDIA LIMITED

Director

For KLING ENTERPRISES INDIA LIMITED



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input tax credit of CGST, IGST, SGST, UTGST, GST Compensation Cess etc. lying unutilized in the Transferor Company pertaining to the Demerged Business of the Transferor Company on and from the Appointed Date.

14.4 Without prejudice to the generality of the above, all benefits including under the income tax, excise duty, service tax, applicable State Value Added Tax Laws, Goods & Service tax, etc., relating to the Demerged Business of the Transferor Company to which the Transferor Company is entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Transferee Company.

14.5 It is clarified that all taxes, levies, imposts, fines and duties payable by Transferor Company, accruing and relating to the operations of the Demerged Business from the Appointed Date onwards, including all advance tax payments, tax deducted at source, any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds and claims of the Transferee Company. Accordingly, upon this Scheme becoming effective, Transferor Company is expressly permitted to revise, and Transferee Company is expressly permitted to file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, excise returns, service tax returns and other tax returns for the period commencing on and from the Appointed Date, and to claim refunds/ credits, pursuant to the provisions of this Scheme. Similarly, the unabsorbed depreciation and brought forward losses of the Transferor Company as are relating to the Demerged Business as considered for the purposes of Explanation 1 to Section 115JB (2) of the Income Tax Act, 1961 shall stand vest



For K.P.P. & Co. PVT. LTD. & Co. PVT. LTD.

Director

For SPACENT INTERNATIONAL LIMITED



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hands of the Transferee Company shall consolidate the same with its unabsorbed depreciation and brought forward losses for the purpose of Explanation 1 to Section 115JB (2) of the Income-tax Act, 1961.

14.6 All expenses paid by Transferor Company under Section 43B of the Income-tax Act, 1961, in relation to the Demerged Business, shall be claimed as a deduction by the respective Transferee Company and the vesting of Demerged Business shall be considered as succession of business by the Transferee Company.

14.7 The Demerger as contemplated in this Scheme would be completed in a manner so as to comply with the conditions relating to 'demerger' as specified under section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at the later date including Transferee from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with section 2(19AA) of the Income-tax Act, 1961.



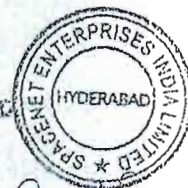
It is clarified that demerger in itself is a specific code and the taxability is envisaged specifically under the Income Tax Act, 1961. Subject to the compliance with the prescribed conditions under Section 2(19AA) of the Income Tax Act, 1961, the demerger shall be tax neutral transaction as provided under relevant clauses of Section 47 of the Act as no other tax

implications are envisaged.

For KLING ENTERPRISES INDIA LIMITED

Director

For SPACNET ENTERPRISES INDIA LIMITED



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PART – III

15. APPLICATION TO THE NCLT

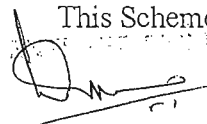
Transferor Company and Transferee Company shall with all reasonable dispatch, make necessary applications to the NCLT pursuant to Sections 230 to 232 of the Act, for convening and/or seeking exemption to convene meetings of the shareholders, for sanctioning and carrying out of this Scheme.

16. MODIFICATIONS/AMENDMENTS TO THE SCHEME

Transferor Company and Transferee Company by their respective Board of Directors may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the NCLT and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the respective Board of Directors of Transferor Company and Transferee Company). Transferor Company and Transferee Company by their respective Board of Directors be and are hereby authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions of law or otherwise, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith. The aforesaid powers of the Board shall be exercised with the approval of the NCLT.

17. CONDITIONALITY OF THE SCHEME

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

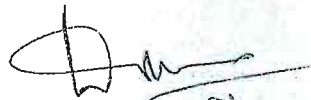
For K...




Director

FOR SPACENT ENTERPRISES INDIA LIMITED

G. J. S.





C. J. S.

17.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of Transferor Company and Transferee Company as prescribed under the Act and as may be directed by the NCLT or any other appropriate authority as may be applicable.

17.2 The sanction of this Scheme by the NCLT or any other appropriate authority under Sections 230 to 232 and other applicable provisions, if any of the Act in favour of Transferor Company and Transferee Company.

17.3 The Company will seek approval from the public shareholders through e-voting, as required under Para 1(A)(9)(a) of Annexure I of SEBI circular dated March 10, 2017.



17.4 The scheme is conditional upon scheme being approved by the public shareholders through e-voting in terms of para 9 (a) of part I of Annexure I of SEBI circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and the scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it”

17.5 The Company will comply with all other provisions of the Companies Act, 2013, rules made thereunder and all other applicable laws as may be applicable from time to time for the reduction of share capital as

contemplated in this Scheme.

For KLING ENTERPRISES INDIA LIMITED.

Director



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17.6 The Company will comply with all the observations and suggestions given by the Stock Exchanges and other statutory authorities.

18. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in Clause 17 not being obtained and/ or the Scheme not being sanctioned by the NCLT or such other appropriate authority, if any, this Scheme shall stand revoked, cancelled and be of no effect, 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 and agreed between the respective parties to this Scheme. Each party shall bear and pay its respective costs, charges and expenses for and / or in connection with the Scheme unless otherwise mutually agreed.

19. COSTS, CHARGES AND EXPENSES

All costs, shortages, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by the Transferee Company.



For KLN'S ENTERTAINMENT INDIA LIMITED

[Signature]

Director

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For SPACENET ENTERPRISES INDIA LIMITED

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SCHEDULE

Part - 1

Details of assets and liabilities of Demerged Business Transferable to
Transferee Company as on the appointed date

Particulars of the Assets	Amount (Rs.)
Fixed Assets	12,37,785
Sundry Debtors	12,34,59,855
Short term loan and advances	18,76,500
Total Assets	12,65,74,140

Liabilities of the Demerged Undertaking of the Transferor Company
Transferable to Transferee Company as on the appointed date

Particulars of the Liabilities	Amount (Rs.)
Liabilities	Nil

For KLING ENTERPRISES INDIA LIMITED

Director For SPACENET ENTERPRISES INDIA LIMITED



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