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**REPORT OF THE AUDIT COMMITTEE OF SPACENET ENTERPRISES INDIA LIMITED
RECOMMENDING THE COMPOSITE SCHEME OF ARRANGEMENT BETWEEN SPACENET
ENTERPRISES INDIA LIMITED AND WINTEG PEOPLE SOLUTIONS PRIVATE LIMITED AND
PATHFINDER ENTERPRISE SOLUTION PRIVATE LIMITED AND THEIR RESPECTIVE
SHAREHOLDERS, DISCUSSED AT ITS MEETING HELD ON TUESDAY, DECEMBER 19, 2023**

MEMBERS PRESENT

1. Mr. Prathipati Partha Sarathi - (Chairman & Independent Director)
2. Mr. Chukka Siva Satya Srinivas - (Member-Independent Director)
3. Mrs. Korpu Venkata Kali Kanaka Durga - (Member-Independent Director)

1. Background:

A meeting of the Audit Committee of Spacenet Enterprises India Limited was held on December 19, 2023 inter-alia to consider and recommend to the Board of Directors the proposed Composite Scheme of Arrangement between Spacenet Enterprises India Limited (the 'Company' or the 'Demerged Company' or 'SEIL') and Winteg People Solutions Private Limited (the 'Resulting Company' or the 'Transferee Company' or 'WPSPL') and Pathfinders Enterprise Solutions Private Limited (the 'Transferor Company' or 'PESPL') and their respective shareholders ('the Scheme') under the provisions of Sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013 ('Scheme').

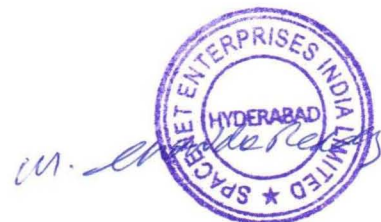
The Scheme inter-alia provides for

- Demerger of Software business undertaking carried on by SEIL through itself ('Software Business Undertaking') into WPSPL; and
- Amalgamation of PESPL with WPSPL.

The Equity Shares of SEIL are listed on the National Stock Exchange of India Limited ('NSE'). SEIL will be filing the Scheme along with necessary information/documents with NSE for its approval under regulations 37, 59A and 94A of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

This report of the Audit Committee is made in order to comply with the requirements of the Securities and Exchange Board of India ('SEBI') Master Circular SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22 December 2020, Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 16 2021 Circular No. SEBI/HO/CFD/DIL2/CIR/P/2021/659 dated 18 November 2021, Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23 November 2021, Circular No. SEBI/HO/CFD/SSEP/CIR/P/2022/003 dated 03 January 2022 and Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/11 dated 01February2022 (hereinafter referred to as 'the SEBI Circular') (including any amendment(s) or modification(s) thereto), after considering the following:

- a) Draft Composite Scheme of Arrangement;
- b) Valuation report of Mr. Dhileep Kumar Ganta, Registered Valuers dated December 12, 2023 for recommendation on the Share Exchange Ratio;
- c) Fairness opinion report on the Share Exchange Ratio of M/s. Ekadrisht Capital Private Limited, Merchant Banker dated December 13, 2023 in the valuation report;



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- d) Certificate, dated December 14, 2023 issued by the Statutory Auditors of the Company i.e., M/s. Gorantla, Chartered Accountants, to the effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government in Section 133 of the Companies Act, 2013, as placed before the Board and is hereby accepted and taken on record; and
- e) Last 3 years audited financials of SEIL, WPSPL and PESPL.
- f) Audited financials (Limited Review) of the SEIL, WPSPL and PESPL for the period 1st April 2023 to 30th September 2023

2. Salient Features of the Scheme

- In consideration of the demerger of Software Business Undertaking of SEIL into WPSPL, based on the valuation report of Mr. Dhileep Kumar Ganta, Registered Valuer dated December 12, 2023, the following Share Exchange Ratio and is hereby approved as under:

"One [1 Only] equity share of Winteg People Solutions Private Limited of INR 1/- each fully paid up for every Four [4 Only] equity shares of Spacenet Enterprises India Limited of INR 1/- each fully paid up."

In the event that the equity shares to be issued result in fractional entitlement, WPSPL shall not issue fractional shares to such shareholder but shall consolidate all such fractions and round up the aggregate of such fractions to the next whole number and issue consolidated shares to a trustee (nominated by WPSPL in that behalf), who shall hold such shares, with all additions or accretions thereto, in trust for the benefit of the respective shareholders to whom they belong for the specific purpose of selling such shares in the market at such price or prices and at any time within a period of 90 days from the date of allotment of WPSPL Shares, as the trustee may, in its sole discretion, decide and distribute the net sale proceeds (after deduction of the expenses incurred and applicable tax) to the respective shareholders in the same proportion of their fractional entitlements. Any fractional entitlements from such net proceeds shall be rounded off to the next Rupee.

- In consideration of the amalgamation of PESPL into WPSPL, based on the valuation report of Mr. Dhileep Kumar Ganta, Registered Valuer dated December 12, 2023, the following Share Exchange Ratio and is hereby approved as under:

" One Hundred Forty [140 Only] equity share of Winteg People Solutions Private Limited of INR 1/- each fully paid up for every One [1 Only] equity shares of Pathfinder Enterprise Solutions Private Limited of Rs 10/- each fully paid up."

In the event that the equity shares to be issued result in fractional entitlement, WPSPL shall not issue fractional shares to such shareholder but shall consolidate all such fractions and round up the aggregate of such fractions to the next whole number and issue consolidated shares to a trustee (nominated by WPSPL in that behalf), who shall hold such shares, with all additions or accretions thereto, in trust for the benefit of the respective shareholders to whom they belong for the specific purpose of selling such shares in the market at such price or prices and at any time within a period of 90 days from the date of allotment of WPSPL Shares, as the trustee may, in its sole discretion, decide and distribute the net sale proceeds (after deduction of the expenses incurred and applicable tax) to the respective shareholders in the same proportion of their fractional entitlements. Any fractional entitlements from such net proceeds shall be rounded off to the next Rupee.



- Upon the Scheme becoming effective and upon the allotment of equity shares by WPSPL to the shareholders of SEIL in accordance with provisions of Clause 12 and to the shareholders of PESPL in accordance with provisions of Clause 24 of the scheme, the existing paid up equity share capital of WPSPL held by SEIL as on Effective Date shall stand cancelled without any further act or deed immediately and without any consideration.
- Upon the Scheme coming into effect and with effect from the Appointed Date, SEIL shall account for the demerger in its books as per the applicable accounting principles prescribed under Indian Accounting Standard (Ind AS) 103 or such other accounting principles as may be applicable or prescribed under the Act.
- The Appointed Date stated in the Scheme is 01 April 2023.
- Effective Date for the scheme has been specified in Clause 1.6 of the Scheme.
- Upon the Scheme becoming effective, the equity shares issued by WPSPL to the shareholders of SEIL and PESPL shall be listed on NSE (subject to trading permission granted by the stock exchange).
- The Scheme is conditional upon approval by the public shareholders through e-voting in terms of Para (A)(10)(a) of Part I of SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23 November 2021 and as amended from time to time and the Scheme shall be acted upon only if vote cast by the public shareholders in favor of the proposal are more than the number of votes cast by the public shareholders against it.

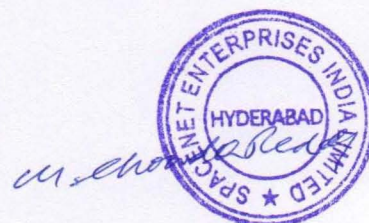
3. Need for the Arrangement i.e., Demerger and Merger and Rationale of the Scheme

The business presently undertaken by SEIL (directly and indirectly) comprises the Software business undertaking and the non-software business undertaking and both of which have different requirements and are operated independent of each other as separate business verticals. The requirements of each business, including in terms of capital, operations, knowledge, nature of risk, competitive advantages and strategies, and regulatory compliances are very distinct when compared with the other. Each of these business verticals requires focus and have a distinct attractiveness to divergent set of investors, strategic partners and other stakeholders.

To unlock the potential value of each business vertical, it is proposed through this Scheme, to: (i) completely segregate the Software business and the non-Software business and create two strong and distinctive platforms and flagship listed entities; (ii) amalgamate PESPL with WPSPL to rationalize, simplify and streamline the group structure.

The proposed restructuring results in the following benefits:

- (i) The Structured Trade and Commodity Undertaking, and Software Business Undertaking have both achieved scale and experience to sustain business on the basis of their own strengths. Additionally, both businesses deal with different sets of industry dynamics in the form or nature of risks, competition, challenges, opportunities, and business methods. Hence, the segregation of the two businesses would enable focused management to explore the potential business opportunities more effectively and efficiently.
- (ii) Demerger will enable both Companies to enhance their business operations resulting in operational synergies for Software business undertaking and non-software business undertaking by streamlining operations, more efficient management control and outlining independent growth strategies.



- (iii) Each business will be able to target and attract new investors with specific knowledge, expertise, and risk appetite corresponding to their own businesses. Thus, each business will have its own set of likeminded investors, thereby providing the necessary funding impetus to the long-term growth strategies of each business.
- (iv) Demerger will enhance efficiencies and will have different business interest into separate corporate entity, resulting in operational synergies, simplification, focused management, streamlining and optimization of the group structure and efficient administration.
- (v) The demerger will unlock the value of both businesses and result in shareholder value maximisation.
- (vi) The Amalgamation will further streamline the corporate structure of WPSPL by aligning the interests of various shareholders directly.
- (vii) Pursuant to the Scheme, the equity shares issued by WPSPL would be listed on NSE. The existing shareholders of SEIL would hold the shares of two (2) listed entities after the Scheme becoming effective, giving them flexibility in managing their investments in the two businesses having differential dynamics.

4. Synergies of business of the entities involved in the scheme.

As detailed above regarding the need and rationale for the draft Scheme, the software business and non-software business have different market segments and growth. Accordingly, the proposed Scheme is being undertaken with a view to achieve dedicated management focus on their respective business segments, facilitate strategic opportunities, increase efficiencies and enhance ability to attract different types of investors.

5. Impact of the Scheme on the Shareholders

The Audit Committee has discussed and deliberated upon the rationale and expected benefits of the Scheme. In view of the same, draft scheme and other documents presented before the Audit Committee, it is noted that the Scheme will not have any material impact on the shareholders of SEIL. The Audit Committee was of the opinion that the Scheme is in the best interests of the shareholders of SEIL.

6. Cost benefit analysis:

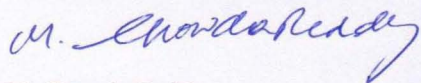
All costs, charges and expenses relating to the Scheme would be borne by WPSPL.

7. Recommendation of the Audit Committee:

The Audit Committee recommends the draft Scheme inter-alia taking into consideration the documents stated herein above, for favorable consideration by the Board of Directors and other applicable regulatory authorities.

//Certified to be true//

For Spacenet Enterprises India Limited



M. Chowda Reddy
Company Secretary & Compliance Officer



Place: Hyderabad

Date: 08-01-2024